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THE SPIRIT OF CHRISTMAS STILL LIVES . . .

The  
**CREDIT  
WORLD**

8 1942



# The Spirit of Christmas



**T**HE familiar jingling bells, the friendly, happy, bustling crowds, thronging stores and shops, seeking gifts for their loved ones, all remind us of the holiday just ahead. At this time of the year a charge account becomes especially helpful. Avail yourself of this convenience by paying your charge accounts **promptly** on or before the **tenth of the month** and installment accounts on the due dates.

**A MERRY CHRISTMAS TO ALL ....**



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**U**SING ADVERTISING to educate the public into a proper realization of the necessity of paying bills promptly is not a new idea. Retailers have been quick to realize that the power of newspaper advertising can be applied just as successfully in getting people to pay for their merchandise as it has been to get them into the store to buy that merchandise.

For this purpose, the National Office has prepared a streamlined series of mats which include 14 Pay Promptly and 3 Returned Goods ads. These mats, ready to hand to your newspaper, come in two popular sizes: 6 x 9 inches, \$1.50 each, and 4 x 6 inches, \$1.25 each. Ad No. 12 (in 4" x 6" size) is shown above—actual size. Get one today for your Christmas business.

*Write the National Office for a free portfolio illustrating all mats.*

N

**NATIONAL RETAIL CREDIT ASSOCIATION**  
SHELL BUILDING

SAINT LOUIS, MISSOURI



# Christmas 1 \* 9 \* 4 \* 2

*"Tis the times have changed  
—not the spirit"*



*There always will be a Christmas.* What man can believe in is exemplified by the spirit that prevails during the Christmas Season, for it is Christmas that gave to us a philosophy for life which transcends all others. Like a clarion call, it rings out now — do unto others as you would have others do unto you . . . and rekindles the hope that once again will there be peace on earth to all men of good will.

May the flickering candlelight of this Christmas bring unto our hearts the true feelings that we live only for the good we can do for others.



DESPITE A WORLD OF UNCERTAINTY, TURMOIL AND SORROW

*We extend to all our members and friends  
cordial Christmas greetings and a sincere wish  
that the New Year will bring us VICTORY  
and with it peace and happiness forever.*

NATIONAL RETAIL CREDIT ASSOCIATION

"Every dime and dollar not vitally needed for absolute necessities should go into WAR BONDS and STAMPS to add to the striking power of our armed forces."

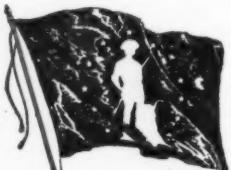
—President Roosevelt

**EVERYBODY  
EVERY PAYDAY 10%**

## IN WAR BONDS

### New Goal for Payroll Savings Plan!

Along with increased war production goals go increased costs . . . extra billions which must be raised, and raised fast, to win this war. That means we must raise our sights all along the line, with every firm offering every American with a regular income the chance to buy more War Bonds. YOUR help is asked in encouraging employees to put at least 10 percent of their pay into War Bonds every payday, through the Payroll Savings Plan. For details of the Plan, approved by organized labor, write, wire, or phone Treasury Department, Section T, 709 12th St. N. W., Washington, D. C.



### U.S. WAR SAVINGS BONDS

This space contributed to America's

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NATIONAL RETAIL CREDIT ASSOCIATION

Shell Bldg.

St. Louis, Mo.

# The CREDIT WORLD

L. S. CROWDER  
EDITOR

ARTHUR H. HERT  
ASSOCIATE EDITOR

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### CONTENTS

#### → Seven Feature Articles

	PAGE
Equality of Benefits Implies Equality of Responsibilities . . . . .	3
James D. Hays	
Analysis of Soldiers' and Sailors' Civil Relief Act . . . . .	6
Richard O. Wiesner	
Questions and Answers on the Soldiers' and Sailors' Civil Relief Act . . . . .	8
J. Gordon Dakins	
How Credulous Are Credit Managers in These Capricious Collection Days? . . . . .	12
Louis Spencer	
Cust of Credit Department Operations . . . . .	18
Arthur H. Hert	
A Follow-Up System Under Regulation W . . . . .	26
Milton Rose	
Soliciting Business From Inactive Accounts . . . . .	28
B. Y. Cooper	

#### → Six Departments

Credit Department Letters . . . . .	Aline E. Hower	10
The Collection Scoreboard—October, 1942, vs. October, 1941 . . . . .		16
The Credit Clinic . . . . .	Arthur H. Hert	22
Barometer of Retail Business . . . . .	Arthur H. Hert	25
Current Business Conditions . . . . .		31
Editorial Comment . . . . .	H. J. Burris	32

#### → Seven Other Highlights

Christmas 1942 . . . . .	1
In the January Issue . . . . .	13
Nationwide Credit Letter Contest . . . . .	14
D. J. Woodlock . . . . .	20
Credit Advertising Standards . . . . .	21
What Is the Most Important Credit Problem for 1943? . . . . .	23
News Items . . . . .	24

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# Equality of Benefits Implies

## Equality of Responsibilities

*James D. Hays*

President, Associated Credit Bureaus of America  
St. Louis, Missouri

Manager, Harrisburg Credit Exchange, Harrisburg, Pennsylvania



In 1922, a battle-scarred veteran of World War I was speaking about "The American Ideal." What he said then seems most timely and worthy of being repeated now:

America has always had its ideal, and that ideal has grown, as ideals will, kept pace with the national growth: First, freedom; then a strong, united nation; and now a strong nation bearing the responsibility of strength. Strength we admire, almost worship, here in America, and strong men we must and will ever develop for the heavier burdens—the greater service.

But a strong man, living, striving, toiling for himself alone, is a miserable spectacle, a danger. And a strong nation, living by itself, for itself, is a tragedy, the most miserable spectacle life affords. That is no part of the "American Ideal." America in the hearts of most Americans is no walled-in empire, shut off from the world by unscalable walls, but a member of the world community, suffering as the world suffers, growing as the world gains, and bearing its share of world burdens, even at the cost of local sacrifice.

In these two paragraphs are found the underlying, fundamental rudiments of a business ideal, which proprietors of business, credit managers and credit bureau managers have been striving to capture as an enviable objective; a better, more realistic way of conducting a safe, sensible and modern credit granting procedure through which all consumers of good record could enjoy the retail values of America's productive skills. They sought improvements so that credit granting practices would be looked upon favorably as a business contribution in lifting the standards of living of our people. These efforts were not chained to selfish motives, but rather evidenced a broad vision beyond local horizons, and from these joint efforts has come a steady, expanding improvement in consumer relations, and in general credit granting practices. They too were striving for an ideal, a business ideal.

These proprietors of business, credit managers and credit bureau managers did not develop and nurture better credit granting methods through ulterior motives, which might prove harmful to others; they combined their efforts so that the very strength of those efforts might elevate practices, and prove beneficial to all lines of trade operating nationally, or within confined areas. So we find strong, intelligent, unselfish credit thinkers battling for certain convictions, but ever working cooperatively for a common business ideal. They shared anticipated benefits as they shared associated responsibili-

ties. Together they established a newer and better system as they realized the need for a recognized chain of efficient credit bureaus, housing vast stores of vital information to meet the requirements of conducting a new type of expanded consumer credit business, with an unusual safeguard against excessive credit losses. They carefully fashioned the fabric of those Bureaus, knowing that the benefits to be gained would add a continuing degree of responsibility for their careful advancement, proper guidance, and adequate maintenance and enlargement. They rightfully tied that cooperative effort to their central credit clearing bureau, so that adequate protective methods grew and developed, until today this chain of protective and informative stations cover every hamlet, village, town and city of our great land.

This affiliated chain of credit bureaus afforded retail business the needed information to spread its values far beyond the confines of their immediate communities. In each community, business benefits accumulated as credit men assumed the responsibility of adequate usage of that service, and gave to it their active support. They realized that an equal sharing of these new benefits implied an equal sharing of new responsibilities, and of necessity it had to apply equally to the credit bureau manager as well as to the credit manager. Each recognized the responsibilities of the other. As a result they have individually marched along together toward great improvements in credit handling. They have seen to it that their own two National Associations, the National Retail Credit Association and the Associated Credit Bureaus of America, have adopted that same essential idea of cooperative helpfulness.

In normal years, our commercial conception has been that business thrives only as its customers thrive. And it follows that credit bureaus thrive only as their general membership thrives and properly makes use of the bureau's protective and informative services. That was formerly a rather accurate yardstick, but today we encounter different conditions created by a new type of all out war.

Our government has deemed it necessary to curtail, control and regulate consumer credit buying. It has also seen fit to restrict many lines of consumer goods to fore-stall inflation. These combined actions are intended to create eventual national benefits. These intended future

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Your credit bureau has been affected by conditions of war, and should, therefore, have your cooperation and support in working out better methods of operation.

benefits are now revealing, not only current difficulties, but added regulatory responsibilities for both the credit manager and the credit bureau manager. In turn, we are today more fully realizing, in a much larger sense than ever before, that citizenship benefits also imply some heavy citizenship responsibilities.

This condition is strikingly illustrated in the business of credit reporting, as well as associated trade lines handling restricted merchandise. Commercial headaches are in evidence. Cures must be sought in order to avoid a progressive undermining of these commercial institutions. Your credit bureau has been affected in some degree, and should have your interested cooperation and support in working out better methods, more efficient operation, with adequate financing sanely applied.

#### **Decrease in Volume of Report Requests**

Except for certain cities, where a large amount of war industry and other types of diversified reporting has been secured through the alert and energetic actions of the credit bureau manager, there is a decided decrease in bureau volume of report requests. This is natural as cash buying increases, coupled with credit regulations, merchandise restriction orders, and as rationing and transportation edicts become effective.

In smaller centers of population, credit bureaus have less service diversification possibilities than will be found in larger centers. The larger bureaus have greater opportunities to add new types of reporting denied to those in smaller centers. It is, therefore, more important that members of credit bureaus in the smaller cities think well before acting too hastily in cancelling a membership. This means a decreasing support for the credit bureaus that are expected to carry on if their accumulated information is to be of value during these uncertain times, as well as being adequately prepared for the days of greater need that lie ahead.

I would warn merchants against adopting a short-sighted policy in dealing with their credit bureaus—that other department of their own business. You don't cancel all your insurance policies because you are having less customers per day—do you? No, you possibly realize that lack of customers makes your policies more valuable to you than ever, for lack of customer volume can have an adverse effect on the firm's profit figures. So it is in credit granting, your bureau service is a protecting service, and today you can well afford to choose your credit risks with greater care, after a review of the facts. These are days when shelves are difficult to replenish. You want to know that your credit customer has the ability and willingness to pay. To afford you this type of service your credit bureaus will need your continuing support to carry on the good work they are doing. They do not accumulate trade records, clippings, court records, police records, and a multitude of other information for themselves. They accumulate it that it might be available to those subscribers who have need for it at some future date.

Let us briefly analyze some of your current needs of this service. Most likely, you are today employing help without your former careful check-up. You are now forced, in many instances, to engage a type of employee that you may not have employed in previous years. These are conditions created by war and we cannot change them, but your credit bureau can assist you toward a better control.

Do you realize that there is a steady movement of the criminal element of our population, male and female, and criminals of both minor and major types, into cities and towns where they are not known? Do you know that these folks are steering away from every plant or industry where fingerprints are required? What can that mean to you as a proprietor of a business establishment? —hiring strangers, when fingerprints are not generally required nor checked. It can mean that you may very easily become a fleecing victim. That is why you should always use your credit bureau by asking for a complete employee-personnel report on every prospective employee.

You probably can't wait that long to employ an applicant, otherwise he or she will have taken some other job. That is true, but there is still a way by which your credit bureau can definitely protect you. If the applicant meets your requirements, employ him in a temporary capacity if need be, but in every case, immediately ask your credit bureau for a complete personnel report. I mean a complete report, not a twenty-five- or fifty-cent file report, but emphasizing a thorough investigation and complete report. The cost will be slightly more but the long-run benefits will be exceedingly great. Then you will be in a position to judge whether the applicant should be placed in a position of trust in your establishment.

When thinking of employee or personnel reports, you must never forget that a national service is just as near as your telephone, and this chain of protective units must be kept intact and fully functioning for just such emergencies. Consistent usage of your credit bureau service will be found profitable, as able businessmen, generally, seek to confine their dealings to people who tell the truth and keep their promises.

This type of personnel reporting applies to the clerks in your store, for it is an established fact that shortages are becoming increasingly evident, as shopping services have found. Losses through long-fingered tactics have been mounting. Some stores, hotels and financial institutions have been following the "Penny Wise and Pound Foolish" policy of hiring strangers without proper investigation. Losses in some cases have run high within a matter of days or a few weeks. Such establishments save a few dollars, the price of a complete personnel report, but they lose much more. Sounds like a good investment—doesn't it? About as sound as betting on the races—a sure winner coming in tenth—but they didn't have the thrill of the race.

#### **Merit of Personnel Reports**

To many employers, it has taken war activity to prove the merit of personnel reports. This was ably stated by the manager of the Credit Bureau at Atlantic City, when he said:

Until very recently, only a most enlightened employer made it part of his routine policy to check the complete history and background of prospective employees. Isn't it odd that a businessman who investigates as a matter of course anyone who wants a few dollars' credit will take on new employees without at least a similar check-up? It has taken wartime dramatization of the force of waste and sabotage to prove the logic of checking all new employees. Every businessman knows the real saboteur is not the sinister figure who peers at us from the billboards, but instead is the incompetent, the inefficient, the indifferent and the wasteful.

A personnel manager told us recently that it costs his firm \$70.00 to put a new employee on the payroll—to say nothing of what it may cost later to learn that the selection was a mistake. Expenditure of a few dollars for a complete digest of

the prospective employee's background is a sensible investment, and, in these times, a necessary one.

Credit bureau files are bulging with background information which will help you determine instantly whether the candidate you are considering is the man or woman you want in that particular job. Even firms which are suffering the most serious labor shortages recognize this, and make their investigations just as rigorously as ever, because no matter what the need, a bad employee is worse than none at all.

There is another feature to present-day credit granting that should be mentioned. Even though you have government credit regulations as a backdrop for your credit granting activity, they were never intended to alter or change your former sensible practices of careful credit granting. It is utterly foolish and loss-creating to grant credit by guess because you get a larger down payment. It is still essential that you have all the facts and then grant your credit if the risk meets your requirements. Why pass out scarce merchandise to any except those whose records of willingness and ability to pay have been established in the files of your credit bureau, or within reach of your bureau?

Surely all alert credit managers realize the growing need for this essential credit bureau service, as men of the salary group will experience a 25 to 40 per cent forced reduction in paying power, due to increasing taxation, rising cost of living, and war bond buying. This group formerly represented a very substantial volume of buying power. They were the backbone of your accounts receivable. So our present wartime economy brings many trying problems for this group to solve. They will need your considerate interest as many of them will find it exceedingly difficult to meet some prior, heavy commitments. In working out proper solutions to these problems, your credit bureau information can be most helpful to you. Use it consistently!

Today the credit bureaus of this country are operating in a depression status, while much of a boom surrounds them. Let us assume that this lean period will do much to clear out our deadwood service relics, make us alert to some needed changes within our organizations. It will compel us to seek newer and more efficient methods of operation. Some inequitable and inadequate rate schedules will have to be modernized. We will seek new mediums of service previously shunned, and from it we will, with the continued daily cooperation of our membership, more completely service all the people of our communities. These are but a few of the possible opportunities presenting themselves, but your usage of your bureau must be the keystone of its continuing foundation.

I am convinced that new duties and new opportunities lie before us, and much even-

tual good will come from our present difficulties. The real optimist always sees some opportunity in every difficulty. He has the faculty of analysis, and with facts at hand, he takes aggressive action. He is never a discouraged quitter.

To me there is a very definite function and place for every alert and conscientious manager of a credit bureau. Our function should be that of acting in a spirit of cooperative helpfulness, aiming, by sane, intelligent, impartial and sensible community leadership, to avoid further, unnecessarily drastic regulations, which could easily become excessively harmful, and tend to curtail retail business to the point of credit extinction.

Our credit educational efforts must be constructive and constant; our credit leadership fair and impartial at all times and under all conditions. That is a big order stated in a few words, but in a large measure will determine the status of bureau managers and the continuance or closing of your bureau and mine.

Realizing the scope of these new conditions and their effect on credit bureaus, and believing that among our 1,363 managers there would be found many helpful ideas that should be shared, the Associated Credit Bureaus of America have placed in operation a nation-wide *Idea Sharing Plan*, to bring out ideas as relating to two general phases of bureau work. They are ways and means of increasing bureau usage and bureau revenue, and inaugurating successful operating economies. The first release will soon be made for the benefit of all member bureaus. This is the first time that such a major effort has been made for a pooling of good ideas. It is a mutual effort within our vocation. Quotas have been set for each District, as well as for each State, and re-

sults are gratifying to date. The *Idea Sharing Plan* will be continued throughout the present administrative year as our major objective in self-help. Under this plan, each manager will share benefits and each must shoulder his responsibility.

Current conditions, however, make it imperative that these affiliated credit bureaus have the active, interested support of every business establishment, so that they can continue to supply their subscribers with a much needed "factbilt" protective and informative service. These bureau organizations must be maintained, for when this period of strife is over, the accumulated information and services of these bureaus will become badly needed and more valuable than ever before. Businessmen, realizing this, should see to it that their credit bureaus are given every reasonable support during

(Continued on page 20.)

## Reconstruction

Out of the filth and muck of soil  
Spring fruit and flowers for men who toil,  
More productive and beautiful, grown  
From seeds which they had formerly sown.

May the filth and the muck in the minds of men  
Be turned into fruitful soil and then  
Bring forth a fuller, more humane life  
And banish war's desolation and strife.

Down in the world's chaos once long ago  
God sent His Son, whom we Christians know  
Brought us salvation's wonderful light,  
Showing the triumph of right over might.

Out of the death and destruction of war,  
Which now is raging as never before,  
Demanding the lives and property hurled,  
May soon develop a better new world.

The pains of rebirth are sad to behold  
As God decided on breaking His mould  
And through war's terror to build therefrom  
A newer and better world to come.

G. A. Sandberg  
Credit Manager,  
Bottells, Minneapolis.

# Analysis of Soldiers' and Sailors' CIVIL RELIEF ACT

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## Amendments of 1942

*Richard O. Wiesner\**



The amendments to the Soldiers' and Sailors' Civil Relief Act of 1940 contained in H.R. 7164 were approved by the President on October 7, 1942 and became effective immediately upon approval. The Act embodying these amendments is entitled the "Soldiers' and Sailors' Civil Relief Act Amendments of 1942."

These 1942 amendments are far-reaching in their effect and result in changing the original Soldiers' and Sailors' Civil Relief Act of 1940 so that as amended its protective provisions are extended to afford relief for a far greater number of persons and to classes of persons not formerly affected by the Act. Although the Act as amended still has as its primary function the suspension of enforcement of civil liabilities in certain cases, it goes even further to provide for substantive changes in contract rights and duties.

The Act as originally enacted, known as the Soldiers' and Sailors' Civil Relief Act of 1940, was effective October 17, 1940 and was a counterpart of an act by the same title which was passed during World War I effective March 8, 1918.

The 1940 Act was passed nearly fourteen months prior to Pearl Harbor during the period of National Emergency. It coincided with the Selective Training and Service Act of 1940 which also predated our entry into war. The purpose of the 1940 Act, as expressed in its title, was to provide for and strengthen the national defense by suspending enforcement of certain civil liabilities of persons in the military service of the United States.

The Act empowered the courts to stay any action or proceeding or the enforcement of any judgment in which a person in military service was involved during the period of military service and for three months thereafter unless, in the discretion of the court, the ability of the person involved to prosecute or perform was not materially affected by reason of such military service. The Act likewise prohibited eviction of the wife, children, or other dependents of the person in military service for nonpayment of rent in cases where the agreed rent was \$80 per month or less, except by court proceedings at which time the court could take certain action for relief of such persons. These two provisions remain unchanged by the 1942 amendments.

Special provisions of the Act treated with suspension of the enforcement of contracts and mortgage obligations involving real or personal property *where such obligations were incurred prior to the effective date of the Act (October 17, 1940)*. No rights to rescind or to repossess contained in such contract and no sale under a power of sale contained in such mortgage could be enforced except by court action, at which time appropriate relief could be given to the person in military service.

\*Of the law offices of Jackson R. Collins, 111 Broadway, New York City.

The Act also provided that whenever an obligation or liability of one in military service could be stayed or suspended, under the Act such protection also might be extended to "sureties, guarantors, endorsers and others subject to the obligation or liability." Other relief granted by the Act related to protection of existing insurance policies and to relief from taxes imposed upon real property and upon income.

Experience under this Act during the first year of its existence and particularly after the entry of the United States into the war gave rise to demands in various quarters for amendment and clarification. After exhaustive study, debates, and hearings before the Committee on Military Affairs in both the House of Representatives and the Senate, there emerged the Soldiers' and Sailors' Civil Relief Act Amendments of 1942. The general effect of these amendments as previously stated is to greatly enlarge the scope and extent of relief formerly given by the original Act.

Briefly speaking, the amendments extend the general relief and protection of the Act to all persons whether primarily or secondarily liable on an obligation and also to dependents of those in military service. The amendments also prohibit interest to be charged at a rate greater than six per cent per annum during the period of military service with respect to any obligation incurred prior thereto unless otherwise directed by the courts.

The provisions relating to contracts and mortgage obligations involving real or personal property entered into prior to military service are enlarged by the amendments so that court action is necessary in all instances in order to exercise any rights contained in such contracts to terminate or repossess or to seize and sell under a power of sale contained in such mortgage *regardless of whether such obligation was entered into prior or subsequent to the effective date of the original Act (October 17, 1940)*. In such action the court is granted discretionary powers to stay or suspend all proceedings.

In a special heading entitled "Further Relief" provisions are contained for relief of those in military service or at the conclusion of such service by application to the court therefor. The court upon such application is empowered to change the maturity dates and permit payment in instalments in proper cases.

Also the provisions relating to protection of existing insurance policies and to suspension of tax liability have been considerably broadened. Under descriptive headings a more detailed analysis of the important changes effected by these amendments follows.

### I. Provisions Applicable to Creditors Generally

**Persons Entitled to Protection.** The relief granted by the Act as amended with respect to obligations incurred by persons in military service is also extended to all other persons whether primarily or secondarily liable on such obligation. Accommodation makers as well as sureties, guarantors, and endorsers, are now specifically

included. In addition, the benefits of the Act are extended to dependents of a person in military service unless their ability to pay is not materially affected by reason of the military service of the person upon whom they are dependent. (Section 2 amending Section 103 of the Act; Section 12 adding Section 306 to the Act.)

The original Act did not specifically mention accommodation makers and the weight of the court decisions on this point indicated that they were not included within the protection of the Act. (See *Itzkowitz v. Empire Loan Co.*, 30 N.Y.S. (2d) 969; *Modern Industrial Bank v. Zaentz*, 29 N.Y.S. (2d) 696; *The Akron Auto Finance Co. v. Frank Stonebraker*; 35 N.E. (2d) 585.)

**Waiver of Benefits of Act Permitted.** The amendments permit a waiver of the benefits afforded by the Act with respect to a stay of action or setting aside a judgment by any surety, guarantor, endorser, accommodation maker, or other person whether primarily or secondarily liable on the obligation provided such waiver is contained in a separate instrument and also provided the person executing such waiver or the one upon whom he is dependent does not subsequently enter military service. Where the waiver is executed after receipt of orders to report for military service the waiver is then valid against such persons even after military service has commenced. (Section 3 amending Section 103 of the Act.)

**Contract Terms Affected—Change in Interest Rate.** The amendments prohibit interest to be charged at a rate greater than six per centum per annum upon any obligation incurred by a person in military service prior to his entry into such service, during the period of military service beginning with or after the date of the amendments unless upon application to the court by the creditor there is a showing that the debtor's ability to pay is not materially affected by reason of such military service. (Section 6 adding Section 206 to the Act.)

"Interest" is defined in the amendments as including service charges, renewal charges, fees, or any other charges (except bona fide insurance). (Section 6 adding Section 206 to the Act.)

**Contract Terms Affected—Change in Maturity and Method of Payment.** Under a special heading entitled "Further Relief," the amendments provide that any person during military service or during six months thereafter may apply to a court for relief with respect to any obligation or liability incurred by such person prior to the period of military service. In the case of a contract to purchase real property secured by a mortgage, the court upon such application may grant a stay of enforcement which amounts in effect to permit the applicant to resume instalment payments after the period of military service and the due date of the obligation is extended to the extent of the period skipped. As to all other types of obligations, the court may grant a stay of enforcement during the period of military service and, in addition, provide for the payment of the amount due in instalments extending from the termination of military service for a period equal to the period of military service. (Section 18 adding Article VII, Section 700 to the Act.)

**Contracts to Purchase Real or Personal Property.** Where a contract for the purchase of real or personal property has been entered into before or after October 17, 1940, with a person who thereafter enters military service, the amendments prohibit the creditor to exercise any right or option thereunder to terminate or rescind such contract or repossess such property except by court action at which time appropriate relief may be granted or by written agreement between the parties executed after receipt of orders for induction or during or after the period of military service. (Section 9 (a) amending

Section 301 (1) of the Act; Section 4 adding Section 107 to the Act.)

This general prohibition as contained in the original Act applied only to obligations incurred prior to October 17, 1940.

**Mortgages Affecting Real or Personal Property.** Where an obligation secured by a mortgage upon real or personal property had been entered into before or after October 17, 1940, with a person who thereafter enters military service, the amendments prohibit the mortgagee to exercise any right of sale, foreclosure, or seizure of such mortgaged property under a power of sale or other terms contained in such mortgage after the effective date of the amendments except by court action, at which time appropriate relief may be granted or by written agreement between the parties executed after receipt of orders for induction or during or after the period of military service. (Section 9 (b) amending Section 302 (1) of the Act; Section 10 amending Section 302 (3) of the Act; Section 4 adding Section 107 to the Act.)

This general prohibition as contained in the original Act applied only to obligations incurred prior to October 17, 1940.

**Mortgages and Conditional Sales Contracts—When Foreclosure or Repossession Permitted.**

The amendments provide for the appointment of appraisers in connection with a court proceeding to foreclose a mortgage on personal property or to resume possession of personal property under a conditional sales contract which has been stayed by order of the court due to military service of the person involved. The appointment of such appraisers is in the discretion of the court dependent upon whether undue hardship would result to the dependents of the person in military service and is for the purpose of establishing a fair value for the property involved. Dependent upon the circumstances, the court may grant the foreclosing of the mortgage or repossession of such property. (Section 12 adding Section 303 to the Act.)

The foregoing provision was substituted for the provision in the original Act which denied the court power to stay an action to repossess a motor vehicle purchased under a conditional sales contract or mortgage where less than fifty per cent of the purchase price had been paid.

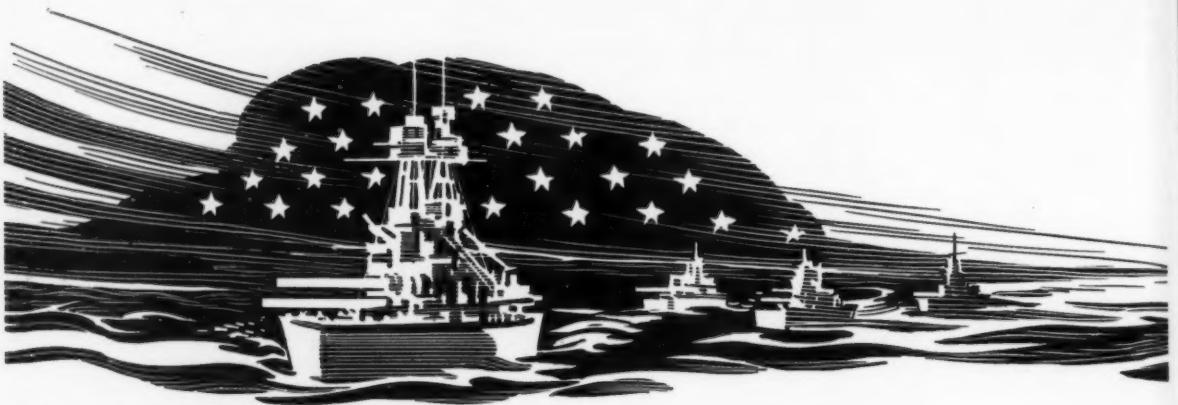
**Debt Secured by Life Insurance Policy.** The amendments prohibit the exercise of any right or option of the creditor by virtue of an assignment of any life insurance policy for a debt incurred prior to the period of military service unless by consent in writing executed during the period of military service, or death of the insured, or upon leave of the court. (Section 12 adding Section 305 (1) to the Act.)

## II. Miscellaneous Provisions

**Contract Terms Affected—Rent Liability Under Lease.** Where a person after executing a lease enters military service, the amendments permit the termination of any such lease covering premises occupied for dwelling, professional, business, agricultural, or similar purposes upon one month's notice with a right to the lessor to seek any modification of such termination as the court may grant under the circumstances. (Section 12 adding Section 304 to the Act.)

**Relief Extended to Landlords.** In addition to the provision contained in the original Act prohibiting eviction of the wife, children, or other dependents of the person in military service for nonpayment of rent in cases where the agreed rent was \$80 per month or less, except through court procedure at which time appropriate relief might be granted, the amendments provide that the owner of such premises who is unable to obtain rent payments

(Turn to "Civil Relief Act," page 25.)



## Questions and Answers on

# THE SOLDIERS' AND SAILORS' CIVIL RELIEF ACT

*J. Gordon Dakins*

Educational Director, National Retail Credit Association



The questions and answers which follow have been prepared as a supplement to the information already published by the National Retail Credit Association on a very important and complex statute—the Soldiers' and Sailors' Civil Relief Act. The answers given by the author are his own interpretations of the provisions of the Relief Act and are not in any way intended as legal advice. They are presented in an attempt to assist credit granters in securing a working knowledge of this wartime measure. However, if you are puzzled by any section of the Relief Act, play safe; consult your own attorney.

1. *Question:—Does the protection of the Relief Act apply to members of the Women's Army Auxiliary Corps (WAAAC) and the Women's Auxiliary Volunteer Emergency Service (WAVES)?*

Answer:—Yes. (Section 101 [1].)

2. *Question:—Does the Relief Act apply to officers?*

Answer:—Yes. The Relief Act applies to officers as well as the rank and file. In practical application, however, it is doubtful whether many officers would take advantage of, or be entitled to, the benefits of the Act. In most instances, their rate of pay is likely to be sufficient for the court to decide that they are able to pay their debts. (Section 101 [1].)

3. *Question:—Must the Government give notice to service men of the benefits they receive under the Relief Act?*

Answer:—Yes. Section 105 instructs the Secretary of War and the Secretary of the Navy to make arrangements so that persons in military service or those entering the service receive adequate notice of the benefits accorded them by the Relief Act.

4. *Question:—Does the protection afforded service men by the Relief Act become effective upon the date of entry into military service or upon the date of receipt of the order to report?*

Answer:—The benefits of Articles I, II, and III of the Relief Act are extended to persons entering the

military service from the date of receipt of the order to report. The benefits of the other Articles of the Act commence upon the actual date of entry into military service.

As Article I, "General Provisions," Article II, "General Relief," and Article III, "Rent, Installment Contracts, Mortgages, Liens, Assignments, Leases," cover the greater part of a person's debts and obligations (excluding insurance and taxes), it may safely be said that the protection of the Relief Act as to ordinary obligations becomes effective from the date of receipt of the order to report for military service. (Section 106.)

5. *Question:—A person incurs an installment obligation between the date on which he receives his orders to report and the date of his entrance upon active service. Is he entitled to the protection of the Relief Act should he become unable to pay after entering military service?*

Answer:—Yes. (Sections 301, 302.)

6. *Question:—A, who is not a service man, owes C \$200.00; B, who is a service man, owes C \$150.00. How may C secure a default judgment against A and B?*

Answer:—C must bring two separate actions—one against A; the other against B.

If A fails to enter an appearance, C must file an affidavit showing that A is not in military service and has not received orders to report. After filing this affidavit, and there being no defense, C will be able to enter default judgment against A. (Section 200.)

If B, the service man, fails to enter an appearance, C must file an affidavit showing that B is in military service or that he (C) is unable to determine whether or not B is in military service. In this case, C will have to secure a court order authorizing a default judgment; but before making such an order, the court will likely require C to file a bond conditioned to indemnify B against any loss he might suffer because of the judgment should the judgment later be set aside. This requirement usually causes most creditors to defer action when a debtor is in military service. (Section 200.)

7. *Question:—A man, prior to commencing military*

service, purchases a radio on the installment plan and signs a conditional sales contract. After his induction, he becomes unable to make the payments due on the contract, and asks the merchant to take back the radio. May the merchant do this without obtaining a court order?

Answer:—Yes. But there must be a written agreement to this effect signed by both the merchant and the service man. In addition, such an agreement must be executed either during or after the period of military service of the debtor, or during the period from the date of receipt of orders to report and the date when the debtor reports for induction. (Section 107.) A mutual agreement to permit peaceable repossession executed at any other time, e.g., prior to the date of receipt of orders to report, would be invalid under the Relief Act.

8. Question:—An action is brought against a service man to secure an order permitting repossession of goods sold to him prior to his induction under a conditional sales agreement (or chattel mortgage). The proceedings are stayed by the court. Is there any way whereby the creditor may secure a court order permitting him to resume possession of the merchandise even after this stay has been made?

Answer:—Yes. The court has power to appoint three persons to appraise the goods, and, based upon the report of these appraisers, the court may order the creditor to pay the service man or his dependents such sum, if any, as may be just, as a condition of resuming possession of the merchandise. The duty of the appraisers is to establish a fair value of the property involved. (Section 303.)

9. Question:—What is the position of guarantors?

Answer:—Guarantors receive the same benefits as the service man under the Relief Act. However, they may waive their rights to these benefits if they do so in a written instrument separate from the obligation itself.

But should a person who guarantees payment of an obligation and executes a waiver subsequently enter military service, his waiver will not be valid unless it is signed between the date the guarantor receives orders to report and the date of his induction. Moreover, if the guarantor is a dependent of a person who subsequently enters military service, and she (or he) executes a waiver prior to the beginning of the military service of the person upon whom she (or he) is dependent, the waiver will not be valid unless it is made between the time the person upon whom she (or he) is dependent receives orders to report and the date of such person's induction. (Section 103 [1], [2], and [4].)

10. Question:—Section 103 (1) provides that "whenever [under the Relief Act] the enforcement of any obligation or liability . . . may be stayed, postponed, or suspended, such stay, postponement or suspension may, in the discretion of the court, likewise be granted to sureties, guarantors and endorsers . . . subject to the obligation or liability." Suppose A guarantees payment of B's installment contract, executes a waiver, and B later goes into military service, does the Relief Act grant the court a discretion to stay proceedings brought against A as a result of B's failure to pay?

Answer:—No. Section 103 (4) provides that "nothing contained in this Act shall prevent a waiver in writing of the benefits afforded by subsections (1) and (2) of section 103 by any surety, guarantor . . . or other person whether primarily or secondarily liable upon the

obligation." Consequently, if a guarantor signs a waiver which is valid under section 103 (4), the court has no discretion to stay proceedings brought against him.

11. Question:—A, prior to his induction, purchases furniture on the installment plan and signs a contract. B guarantees payment of A's purchase, and signs a form which is a guarantee and waiver combined. This form is on an instrument separate from A's contract. Is B's waiver valid even though it is combined with a guarantee?

Answer:—Yes. Under section 103 (4), a waiver, to be valid, must be executed "as an instrument separate from the obligation or liability in respect of which it applies." The word "obligation," as used in this subsection, refers to the obligation of the original purchaser (i.e., A's contract); it does not refer to the guarantee form signed by the guarantor (i.e., B's guarantee). Consequently, the fact that the waiver is joined with the guarantee on one form does not invalidate the waiver. It is only when the waiver is incorporated in the original contract of purchase or loan that it is of no effect under the Relief Act.

12. Question:—Upon the termination of his military service, a soldier who owes a number of debts which were incurred prior to his induction, finds himself unable to pay. Can he secure relief?

Answer:—Yes, as long as he applies to a court within 6 months from the termination of his military service. The court may grant a stay for a period of time equal to the soldier's term of military service, subject to such orders as the court may make covering payment of the obligations on an installment basis. However, such a stay will not be granted if, in the court's opinion, the ability of the soldier to pay has not been materially affected by reason of his military service. (Section 700.)

13. Question:—Where proceedings are brought against a service man, how long may the proceedings be stayed by the court?

Answer:—The court may grant a stay of proceedings for the period of military service and 3 months thereafter, or any part of such period. (Section 204.)

14. Question:—Are Americans serving with the British and Canadian armies given the protection of the Relief Act?

Answer:—Yes. (Section 104.)

15. Question:—On March 1, A rents an apartment at a rental of \$50 a month, and signs a lease for one year. He enters military service on October 15. Can he terminate the lease?

Answer:—Yes. Service men who are tenants of premises used for dwelling, professional, business, agricultural, or similar purposes, may, by notice in writing, terminate a lease covering such premises. In A's case, as he is paying rent on a monthly basis, termination of his lease will become effective 30 days following the date of the next regular rent payment subsequent to the date when the written notice is mailed or delivered. Thus, if A delivers his notice to the landlord on October 20, and his rent falls due on the first of the month, his lease will terminate 30 days after November 1. (Section 304.)

Additional questions and answers on the Relief Act of vital interest to all credit granters appear in the National Retail Credit Association's new booklet, "The Soldiers' and Sailors' Civil Relief Act, 1940 and 1942 Statutes Consolidated." See advertisement on page 15.

# CREDIT DEPARTMENT LETTERS

• Aline E. Hower



"Friendly letters now," said a Cleveland executive, "will plough back into our business a value that we could not retain in any other way." Naturally I was interested in that statement, and as he seemed inclined to go on, I listened very attentively.

"About 75 per cent of our funds will be paid out in taxes," he went on smiling very resignedly. "Whatever we spend on better letters, to keep our customers feeling friendly toward us will actually cost us only 25 per cent of the monetary outlay!"

"Even though our employees are shifting—we are having a number of resignations because of military service and other conditions—we feel that now, of all times, it will pay us to write friendly letters."

I had not thought of letter improvement as a reserve in a business, but of course that is at least one of its functions. Careless letters do not cement or retain friendships. Careful letters do.

Another executive remarked just this past week, "When we tell a long-time customer, who has every right to expect special consideration, that we can't take care of him promptly, we should write in such a way that he will understand we wish we could. We can't afford to write letters that irritate or upset him."

## This Month's Illustrations →

What a delightful sales letter (*Illustration No. 1*) to receive from Credit Manager H. L. Reagan, of The Cain-Sloan Company! The letterhead is printed in attractive green and red, and the letter is multigraphed in black ink. Touches like "Santa's serenade is now on," "only 21 more shopping days," and "wise women" have a distinct pull. Such a sales letter, such an invitation from the credit manager of any establishment is a subtle compliment to the customer. The Irish just naturally understand how to do these things, and Mr. Reagan deserves to be commended.

*Illustration No. 2* from DeJong's, Inc., Evansville, Indiana, gives an interesting strategy of approach. Notice how the second paragraph puts the reader and the writer on the same side of the credit fence, an important thing to do in a letter. Notice also that action is made very easy on the part of the reader by asking him only to check one of the items mentioned and by giving him a return envelope.

*Illustration No. 3* is a splendid approach. Notice the word "only" in the opening. Normally, it would not do so, but doesn't this word give a persuasive touch as it is used in this sentence? To me this is an interesting example of what can be done with everyday words. Even more important is the mental attitude of concern about the customer's patronage. You will recall the survey that was made some years ago which indicated that the

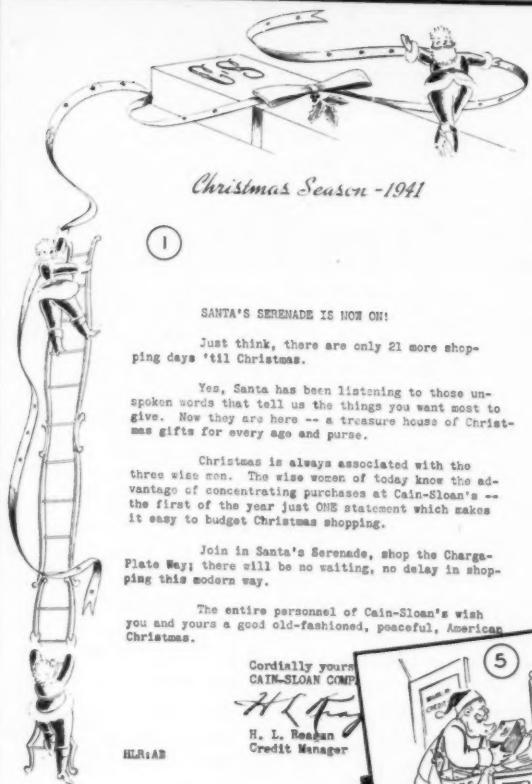
principal reason why customers drifted away from a store was the store's indifference. This was true, so the survey pointed out, in at least 68 out of every 100 cases! Mr. Ashby has hit the nail on the head in putting in a note of interest in the customer's patronage. The same idea is brought out extremely well in the closing. This letter can be studied with a great deal of profit. The M. L. Parker Company of Davenport, Iowa, has gained a national reputation through the remarkably well-written letters of Mr. Dean Ashby, Credit Manager.

It is very pleasing indeed to analyze *Illustration No. 4* from Mr. Lewisson, Credit Manager, of Kennedy's, Boston. The reassurance in the opening paragraph, as well as the note of appreciation, should have a strong appeal in getting the customer's quick understanding of a friendly approach. The word "default" may possibly have a somewhat ominous effect, and Mr. Lewisson has done an interesting thing in placing the word "default" in the "mouth" of the Government, in the second paragraph of his letter. In the final paragraph, there is reassurance again of the store's concern about the customer's convenience. In some form, this spirit of thoughtfulness should really be included in every letter, don't you think?

What a delightful example is given in *Illustration No. 5*, which comes from The Texas Company (Australia) Limited! With this part of the world so much in the news, all of us enjoy just getting better acquainted through seeing the type of communications that are sent out "down under." Notice the delightfully British flavor of the two collection paragraphs. The Texas Company is extremely wise to follow the customs of the locality where it is operating. This is a form of courtesy which not only pays rich dividends, according to reports of many companies which do an international business, but is due the people involved. We, as Americans, always appreciate when a foreign company, operating in our country, defers to our customs, hires our people to work for it. One interesting thing about this little card is the initials on Santa Claus' mailpouch. They look like "P.M.C." to me. I asked an English gentleman, one of our customers, a graduate of Oxford, whether this had any significance that he knew of, and he was as much puzzled as I. I wonder whether it means Post Master Claus. No doubt you are a much better detective than I have been!

In closing the comment on this month's illustrations, which have a decidedly holiday flavor, and will reach you well in advance, in plenty of time to be of service in case you can use any of the ideas submitted, I could not close without adding my own best holiday wishes to you!

*May the days ahead be very satisfying, joyous ones for you!*



### M. L. PARKER COMPANY

FOUNDED 1906

BRANSON, IOWA

(3)

November 15, 1942

Mr. Leo M. Armstrong  
2782 January  
Davenport, Iowa

Dear Mr. Armstrong:

There is only a small balance due on your account as indicated on the enclosed statement.

It concerns us because you have not used your account extensively during the last thirty days.

At this season of the year, you will need many reasonable items which are to be found in abundance throughout the store.

Use your account, which will enable you to fulfill your requirements now. Also, "Parker's Budget Plan" may be arranged for purchases in all departments.

Your extensive use of the service of your account will be noticed by us with a great deal of interest.

Very truly yours,  
M. L. PARKER COMPANY  
*Sherry*  
Credit Manager

DAS:HW



*De Jong's*  
EVANSVILLE, INDIANA

(2)

November 10, 1942

Mr. Alex. R. Craig  
1902 Vance Street  
Evansville, Indiana

Dear Customer:

The Government's new regulation concerning charge accounts has given every credit grantor and credit user a duty to perform as patriotic Americans.

Our duty is to discourage pyramiding of credit and to cooperate with you as a credit user in eliminating "defaulted" accounts. We are ready to do our part and know you will do yours too by checking your intentions below:

( ) I am paying up my "defaulted" balance of \$\_\_\_\_\_ immediately.

( ) I will be in to sign a "Credit Extension Agreement" which provides for divided instalment payments on my "defaulted" balance over a period of six months.

( ) I will be in to sign a "Statement of Necessity" because I am temporarily unable to pay.

A self-addressed envelope is enclosed for your convenience.

Yours for Victory,  
*Mr. De Jong, Jr.*  
DE JONG'S, INC.



(4)

November 21, 1942

Mrs. Ray E. Parks  
12579 Eighty-first Street  
Everett, Massachusetts

Dear Mrs. Parks:

Thank you for your recent valued order for merchandise to be charged to your account and sent to your address given. We will be very pleased to comply with your request just as soon as we can meet the requirements of the new Federal Regulation governing consumer credit.

The Government says that a charge account is "in default" if charge purchases made in any calendar month are not paid by the 10th of the second month following, and will not allow further credit for listed articles to be extended until the default is removed.

Our records indicate that your account is now in default. The default can be removed either by your payment of \$19.62 or by making specific arrangements for payment at the office of the writer.

May we please hear from you as soon as possible for we realize you are awaiting delivery of the goods which we have been obliged by government order to hold until the default is removed.

Sincerely,  
*O. Schaeffer*  
Credit Manager  
KENNEDY'S

CPL AR

# How Credulous Are Credit Managers

*in these*

## Capricious Collection Days?

*Louis Spencer*

General Manager, Spencer Collection Service  
Oakland, California



**Because of a recent interview with the Credit Manager of a large, multiple-store retail concern, the writer has come to the conclusion that some Credit Managers may be wearing their rose-colored glasses, not exactly wisely, but much too well.**

This credit manager, not so old in years, but definitely experienced, is a capable executive, thoroughly skilled in the mechanics of the profession. In addition, he seems to enjoy a broad knowledge of retailing, particularly as it pertains to his own concern, and to its merchandising line. However, judging from this man's talk, the old menace of delinquent accounts, and credit losses, has been almost entirely eliminated. So far as collections are concerned, this optimistic fellow professes to have no immediate anxiety. He airyly waves off any serious suggestions that all is not as it seems.

The events of the past nine months are directly responsible for this man's reactions. The effect of Regulation W and the increase in cash transactions have convinced him that the goose hangs high, and that skies will be relatively clear from now until the war is won. Of course, Regulation W has profoundly affected collections. It has caused thousands of slow payers to remit more promptly than ever before. Cash sales have increased, because many communities are now blessed with thousands of new citizens engaged in war work, who are strangers, and who have not as yet asked for credit accommodations. The satisfactory sales volume is largely due to their patronage.

But, what this credit manager is apparently overlooking is the fact that while Regulation W places a penalty on accounts that are not paid promptly, the forfeit is not severe. The delinquent debtor is only denied the opportunity of increasing the indebtedness. There is nothing to prevent delinquency, nor is there any guarantee that delinquent debts can be collected any more readily than before.

In the opinion of this writer, the risk of delinquent debts continues to be real. It is by no means of such small importance that it can be virtually disregarded. There are several threatened trends which will bear watching if credit managers are to prevent losses. In fact, it may shortly be more difficult to collect accounts, once they become delinquent, than it has ever been.

To Credit Managers confined to their offices, and en-

gaged in concentrating only on the credit and collection problems of their particular business institutions, it may seem strange that such strong statements as the foregoing can be made with factual virtue. But, to one who views the scene from a special point of vantage, there is ample evidence to prove that this is no time to abolish careful, thoughtful consideration of the subject. The facts are these:

Despite the acknowledged truth that it is unconstitutional, in normal times, to place workers in involuntary servitude, more and more workers are being pressed into positions where they cannot easily indulge in their accustomed prerogatives of their own free will and volition. The demands of war are making it necessary for the Government to impinge workers to engage in necessary activities, and often at places far distant from their established homes.

Here of late, more and more men, who have formerly been employed in civil service, are being blanketed into the army to work on projects that are directly under the jurisdiction of the military command. Certain projects, which were launched as private enterprises, have been taken over by the Government, and others may also come under the jurisdiction of the Government, should events change for the worse.

Here, then, lurks a collection menace of no small significance. The job of tracing delinquent debtors from one part of the country to another, and of contacting them when they are buried deep among the thousands of workers employed in the various war programs, is difficult and costly. Operators of large war production enterprises resent being asked to cooperate with collectors, and deplore garnishments and suits which impede the output of workers.

The task of collecting delinquent accounts from debtors who have been blanketed into the civilian branch of the army, or navy, is even greater, for the wages of such debtors cannot be levied upon by law.

Legislation has been proposed in California and may become effective wherein the courts can stay proceedings for the collection of a note, or a contract sale, against a comaker, or cosigner, while the maker of the note, or contract, remains in the military force.

Taxation will have a greater bearing henceforth, in the creation of delinquent accounts, and in their collection. It must be remembered that practically all war

workers must pay initiation fees and dues to a union as the price of employment. With Federal Unemployment and State Old Age Pension Dues to be deducted from the pay check, with income taxes, personal property taxes, and excise taxes, besides the money that workers are required to invest in War Bonds, and what they are importuned to donate to the War Chest, and other charities, the average wage earner is not going to have much money left with which to liquidate delinquent debts, even if he cherishes the inclination.

White-collar workers, such as office workers, salesmen and others who are employed by firms that are not operating on a cost-plus basis, have had their wages frozen, for most part, at a very modest level. For some of these people, the standard of living will be greatly reduced, and their ability to pay their ancient debts will be more difficult than ever before.

In addition to these stated conditions is the psychological attitude of the public. As time goes on, there is being manifest more and more impatience, on the part of employers and the public, with collection efforts. This impatience is probably due, in part, to the debtor war workers, who have "sold" many people on the idea that a debt moratorium should be invoked for the duration. Regardless of what started it, there exists a negative psychology that may be more pronounced at a later date.

It is earnestly suggested that credit men appreciate that we are up to our necks in a desperate war; that every business is affected by it, including the business they represent, and the credit and collection departments in each particular business. Because of war, things that never happened before have happened. Things that have not happened yet, may happen. The time has come to discard preconceived notions, prejudices, and outmoded practices. Only those who are alert to the situation, and courageous enough to erase the old thought grooves from their minds, will be in position to best serve their firms and themselves.

In an ambition to offset the pessimistic tinge of the foregoing paragraphs, the following observations are tendered:

With more money going into payrolls than ever before in our history, it is certain that the majority of people will pay their debts quite promptly, and that even the majority of delinquent debts can be collected, providing they are given, not only special attention, but quicker attention than has customarily been considered necessary. However, with the shortage of experienced help in the credit and collection departments all over the country, and with gasoline rationing to limit the calls that can be made, thoughtful credit and collection managers may find their jobs easier to define than to execute.

Here is where the reputable collection firms can be of great value, providing their facilities are utilized in full appreciation of the fact that old conceptions of collection costs must be revised to meet present conditions and re-

quirements. Collection firms are indicated for several definite reasons: A highly efficient, well organized collection firm can serve many creditors at one time, thereby conserving effort, time, manpower, rubber and other important items. Such a firm has a sufficient volume of business to enable it to retain attorneys, and others with a thorough knowledge of correct collection procedures. Because it handles all sorts of collection items, it is in a position to collect many small debts that might not otherwise be collected. Frequently it finds that several of its clients have claims against the same debtor. By pooling them in one action, suit risks become reasonable, and collections feasible.

Collection firms of the character contemplated in this discussion are usually affiliated with hundreds of similar firms scattered throughout the nation. Not only do they maintain their own splendid tracing facilities, but because of their affiliations, they have access to the service and facilities of their associates. Debtors are tracked from

city to city, if need be, and are confronted with skilled collectors when they are eventually located. In such a manner, the local collection firm becomes, to all intents and purposes, a national institution. Its affiliated offices are obviously manned by men who are familiar with the community, and with the collection laws that pertain in each community.

No retail firm could possibly afford such a collection service on its own account, even if it were possible to organize it. Yet, such a

service is available to all retail firms, no matter how small, and at a cost that is very small considering the value.

The matter of cost is emphasized, because in the past many credit managers have refrained from employing collection firms owing to the belief that their own collection departments could collect more economically. Considering the money that is annually written off to profit and loss, it is doubtful if the independent collection departments ever did collect more cheaply than the efficiently operated collection firms. It is almost certain that they cannot do so under present circumstances.

In the past, credit managers have often labored under the belief that by keeping collections within the confines of their own institutions, they not only collected more cheaply, but preserved the good will of the debtor to a greater degree than might otherwise be obtained. This idea is not without its debatable points.

An unpaid delinquent account is not only a worthless account, it is a dangerous account. The longer it is delinquent, the more likely will the debtor avoid the firm, and tender his patronage to others. The quicker it is collected, the greater the chances of renewed patronage.

By entrusting such accounts to a responsible collection firm, there is every guarantee that the debtor will be granted courtesy and consideration. But, should ill will be created, it falls on the collection firm, and not so readily on the credit grantor. Some of the nation's

(Turn to "Credit Managers," page 29.)

## Nationwide Credit Letter Contest

MEMBERS OF THE National Retail Credit Association are invited to participate in a nationwide credit letter contest beginning January 1, 1943, and continuing until February 15, 1943. Prizes will be awarded (see below) to the contestants sending in the best composed letters on the subject of charge and installment credit; such as letters of good will, credit sales promotion, collection, "thank you," inactive account, "In Default" (or anything pertaining to Regulation W), declined accounts, etc.

The judges will be Aline E. Hower, Letter Counselor, J. Gordon Dakins of the National Office staff, a letter expert, and E. F. Horner, Credit Manager, Kline's, St. Louis. Their decisions will be final.

Rules of the contest: Send as many examples of different letters as you wish—but—send three original copies of each on your firm's letterhead; typewritten or form letters only will be accepted; awards will be based on attractive setup, timely

illustrations, attention-getting openings, and action-impelling closings. No entries will be accepted after February 15, 1943. The winning letters and those receiving honorable mention will be published in *The CREDIT WORLD*.

### Awards

First prize.....	\$5.00 in war stamps
Second prize.....	4.00 in war stamps
Third to tenth.....	book, "Streamlined Letters" by Waldo J. Marra
Tenth to fifteenth.....	booklet, "Successful Credit Department Letters" (Volume II)

Originality will be a major consideration, so "put on your thinking cap." Any member may take part in the contest. *Don't hesitate if you are a member of the credit department staff or credit sales manager; all are invited and no distinction as to position will affect the judges in their final decision.*



There will be familiar faces missing from those who gather in tribute to the Prince of Peace. Many will be in far off lands, away from their families. With such conditions there can be no Christmas as usual.

At this time, then, we greet you with the hope that in the future this Season may mean "peace on earth and goodwill toward all men."

**ASSOCIATED CREDIT BUREAUS OF AMERICA**  
INCORPORATED

"An Association of Credit Bureaus Since 1906"

1218 OLIVE STREET

SAINT LOUIS, MO.

# ★ JUST OFF THE PRESS ★

"A New Booklet"

## The SOLDIERS' and SAILORS' CIVIL RELIEF ACT

(1940 and 1942 Statutes Consolidated)

COMPILED BY J. Gordon Dakins, Educational Director, N.R.C.A., and author of the *Layman's Handbook of Regulation W*. The only booklet, to our knowledge, which contains the actual text of the present law on this all-important subject. Eliminates the necessity of referring to both statutes to ascertain the law on any given point—for only the effective provisions of the Soldiers' and Sailors' Civil Relief Act are contained in this consolidation of the 1940 Act with the 1942 amendments.

YOU GET EVERYTHING in one volume. By using this new booklet there's no need to refer to two statutes to ascertain the actual law.

AND THAT'S NOT ALL! In addition to the entire text of the Relief Act, effective as from October 6, 1942, supplementary material is provided to enable credit granters to obtain a clear understanding of the Act. This information is presented under the following headings:

- (1) Highlights of the Relief Act:—Facts of interest to the credit grantor.
- (2) Questions and Answers on the Relief Act:—35 problems of everyday occurrence answered in a way which will assist credit grantors to secure a working knowledge of the Act. Sample forms also provided.

THIS NEW BOOKLET—approved by N.R.C.A. counsel—is indispensable to every credit grantor. It is practical, easy to understand, and puts the information you want right at your finger tips. Not only a guide to retailers but of definite value to financial institutions, doctors, lawyers, and collection agencies. The Act will not worry you if you have this booklet on your desk for ready reference.

CONVENIENT pocket size, 5 $\frac{1}{4}$ " x 7 $\frac{3}{4}$ ". 64 pages of clear, easy-to-read type.

50c to Members

(Nonmembers 75c)

**NATIONAL RETAIL CREDIT ASSOCIATION  
SHELL BUILDING**

"A New Insert"

## Are you doing your part?

Today, it's the patriotic duty of all of us to conserve for Victory! Here's how you can help!

**Use Your Charge Account** — In this way, you save precious minutes while shopping. No need to wait for change or to carry large sums of money. You shop the "American Way" when you say "Charge it, please." And by paying your charge account promptly, this privilege remains yours.

**Make Up Your Mind Before You Buy** — Shop wisely and be careful to choose exactly what you want. Avoid returns and exchanges.

**Carry Small Parcels** — Carry your share for Victory. You help to save rubber, gas and oil—materials your country desperately needs.

**Conserve Vital Equipment** — Make the best use of your car. Share rides. Save tires and gasoline. And when you use the streetcars, plan your trip to avoid peak loads.

Cooperation is Vital Now  
for Victory



IT'S PATRIOTIC TO CONSERVE is the theme of the new National Approved Insert shown above, actual size. It is designed to show customers how they can help in the war effort. A good way to increase charge sales, and at the same time decrease costs arising from returns, exchanges, and delivery expense. Attractively printed in reverse in blue ink on canary-colored paper—it tells a pointed story in a clear-cut compelling way.

**\$2.00 a Thousand**

**ST. LOUIS, MO.**

October, 1942

# The Collective S

DISTRICT AND CITY	DEPARTMENT STORES (Open Accounts)						DEPARTMENT STORES (Installment Accounts)						WOMEN'S SPECIALTY STORES						FURNITURE STORES (Installment Accounts)						
	1942			1941			1942			1941			1942			1941			1942			1941			
	AV.	HI.	LO.	AV.	HI.	LO.	AV.	HI.	LO.	AV.	HI.	LO.	AV.	HI.	LO.	AV.	HI.	LO.	AV.	HI.	LO.	AV.	HI.	LO.	
Boston, Mass.*	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	
Lynn, Mass.	75.8	82.5	62.1	54.6	55.9	42.8	55.9	56.4	55.4	44.8	51.1	38.6	—	—	—	—	—	—	27.0	37.6	22.8	20.0	25.2	—	
Springfield, Mass.	73.9	75.7	72.0	58.7	60.8	56.5	33.7	40.0	27.3	19.6	21.0	18.1	—	72.4	—	—	55.6	—	—	—	—	—	—	—	—
Worcester, Mass.	69.1	70.7	67.5	48.8	52.6	45.0	—	29.0	—	—	23.8	—	60.8	66.7	55.0	43.5	51.0	36.0	—	—	—	—	—	—	—
Providence, R. I.	60.3	68.0	55.2	50.0	57.8	45.6	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	12.1	—	—
New York City	58.7	74.2	52.1	49.5	55.5	34.0	22.5	52.1	17.6	22.2	29.8	13.9	58.6	60.5	56.2	47.8	55.6	41.9	—	—	—	—	—	—	—
Syracuse, N. Y.	64.2	71.8	54.1	44.3	45.6	41.3	27.5	35.4	21.1	15.5	20.3	11.8	—	66.8	—	—	40.6	—	—	—	—	—	—	—	—
Pittsburgh, Pa.	65.0	77.1	55.1	47.6	54.1	43.4	23.6	30.4	19.0	17.1	22.3	13.6	63.3	77.1	54.1	46.7	54.1	39.7	—	—	—	—	—	—	49.2
Reading, Pa.	—	—	—	58.6	60.3	57.0	—	—	—	18.3	—	—	—	—	—	—	58.0	—	—	—	—	—	11.1	11.3	
Washington, D. C.	59.1	68.5	50.0	42.2	48.8	37.6	22.4	27.7	17.1	17.0	21.8	14.0	—	—	—	—	—	—	—	—	—	—	—	—	
Baltimore, Md.	—	—	—	45.6	51.5	37.6	—	—	—	200	30.8	12.9	—	—	—	36.0	40.0	28.5	—	—	—	—	—	—	—
Huntington, W. Va.	80.6	82.0	79.3	62.8	66.6	59.0	23.4	32.8	14.0	13.7	13.8	13.6	41.1	41.5	40.7	—	27.0	—	18.8	21.3	16.3	11.5	12.1	—	
Birmingham, Ala.	63.7	69.2	54.0	42.9	48.4	37.0	28.4	30.5	27.0	15.2	18.1	13.0	54.8	63.0	43.0	39.3	42.0	35.0	18.8	22.0	15.5	12.5	14.6	—	
Atlanta, Ga.	52.0	52.0	52.0	35.0	35.0	35.0	18.5	18.5	10.3	10.3	62.0	64.0	61.0	33.2	40.0	26.5	12.2	17.9	12	8.7	13.4	—	—	—	
Little Rock, Ark.	62.2	66.1	58.3	38.1	41.5	34.8	36.6	46.5	26.7	18.9	23.8	14.0	—	67.9	—	—	51.8	—	—	—	—	—	26.0	—	—
Kansas City, Mo.	71.3	85.1	57.5	55.2	69.1	41.2	—	—	16.0	20.1	15.5	70.2	75.6	59.5	49.4	54.7	34.6	—	—	—	—	—	14.9	—	—
St. Louis, Mo.	73.3	77.9	68.5	55.9	65.4	50.8	28.4	35.3	24.8	18.7	20.9	17.1	66.5	70.3	61.1	38.7	40.1	31.6	25.3	35.9	14.7	15.5	20.4	—	—
Louisville, Ky.	69.3	75.0	65.0	54.9	69.0	42.4	24.8	30.7	19.6	15.6	17.4	14.0	55.4	63.0	47.9	43.1	48.4	38.0	18.5	22.0	15.0	12.4	15.0	—	
Detroit, Mich.	76.9	84.9	62.6	55.3	68.3	44.4	40.6	43.2	36.9	23.5	27.4	18.1	71.2	72.2	66.3	43.8	49.9	37.2	—	—	—	—	—	—	—
Grand Rapids, Mich.	71.4	76.8	68.4	49.1	52.5	43.5	24.6	25.3	23.9	18.3	18.3	18.3	67.1	83.3	44.0	44.3	54.7	35.1	31.4	40.8	21.0	20.6	26.1	—	
Cincinnati, O.	70.9	74.9	67.2	53.2	58.9	50.0	25.2	30.9	20.6	16.1	21.6	10.6	57.0	69.8	42.0	40.0	45.5	31.2	—	—	—	—	—	52.5	—
Cleveland, O.	63.6	70.2	60.2	54.2	60.5	50.0	31.5	39.0	31.2	24.5	25.3	22.4	62.2	66.3	56.9	38.7	40.6	38.5	17.3	29.0	16.0	11.0	19.7	40.0	
Columbus, O.	71.1	77.1	65.2	49.6	54.0	45.2	24.5	31.2	22.8	16.6	21.5	13.5	69.5	77.3	56.4	45.0	51.4	39.4	18.1	50.0	16.4	12.1	39.0	—	
Toledo, O.	71.4	76.1	67.5	50.3	53.3	41.5	25.1	31.4	20.1	17.7	23.3	13.9	66.0	67.3	52.0	46.0	52.0	44.0	—	—	—	—	—	—	37.8
Youngstown, O.	67.6	68.8	66.5	49.0	49.5	48.6	22.9	24.0	21.9	16.2	16.5	15.9	—	—	—	—	—	—	—	—	—	—	—	—	
Milwaukee, Wis.	69.2	74.4	67.2	54.1	61.2	46.4	35.7	36.4	29.3	23.3	27.2	20.4	68.1	100.0	45.8	50.8	53.2	39.9	21.4	23.3	19.6	16.0	16.4	42.4	
Cedar Rapids, Ia.	85.3	86.5	65.0	58.5	60.5	49.4	32.2	35.0	29.4	21.2	23.0	19.5	—	—	—	—	—	—	—	—	—	—	—	—	
Davenport, Ia.	68.6	74.5	62.8	56.5	60.9	52.1	22.8	25.6	20.1	17.0	17.2	16.8	—	—	—	—	—	—	21.0	—	18.8	21.0	—	—	
Des Moines, Ia.	64.1	74.4	54.7	43.6	48.3	38.9	—	22.2	—	—	12.0	—	60.1	82.7	52.0	45.7	58.8	43.2	—	—	—	—	—	—	—
Sioux City, Ia.	64.9	66.1	63.8	46.0	47.7	44.3	21.9	27.9	15.9	18.3	18.8	17.9	—	57.0	—	—	38.0	—	—	23.3	—	—	17.2	—	
Minneapolis, Minn.	85.1	88.6	82.8	67.5	71.5	63.7	37.6	43.6	27.9	20.8	24.4	14.5	—	86.8	—	—	53.6	—	—	14.8	—	—	11.1	—	
St. Paul, Minn.	73.2	82.3	62.3	51.3	62.8	43.0	26.3	31.7	21.4	26.9	37.6	18.6	70.8	77.1	67.8	46.4	61.5	38.0	—	—	—	—	—	—	—
Omaha, Neb.*	—	—	—	—	—	48.7	—	—	—	—	—	13.6	—	—	—	—	—	42.6	45.7	39.8	—	—	—	—	
Tulsa, Okla.	72.6	85.5	56.4	59.2	63.0	53.0	29.5	37.0	17.9	25.0	34.8	12.1	76.2	85.0	67.4	59.0	75.0	43.0	—	—	—	—	—	—	—
San Antonio, Tex.	60.0	64.1	48.0	40.0	45.7	38.0	—	16.7	—	10.0	11.0	8.0	—	66.0	—	40.0	45.0	32.7	18.2	23.0	15.2	10.9	11.6	—	
Denver, Colo.	65.4	67.2	57.2	49.0	52.0	46.9	30.0	63.3	20.2	17.3	30.7	14.2	65.3	65.8	51.1	50.9	52.0	45.4	—	13.6	—	10.4	12.1	—	
Salt Lake City, Utah	79.7	85.9	74.8	56.5	64.1	48.8	42.7	64.3	33.5	22.3	32.5	1.0	—	—	—	—	—	—	—	—	—	—	—	—	
Casper, Wyo.	—	117.7	—	—	111.7	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	
Spokane, Wash.	—	82.0	—	—	49.1	—	20.4	21.8	19.0	15.5	18.1	13.0	46.6	85.0	36.2	31.9	65.0	21.9	—	—	—	—	—	—	—
Los Angeles, Calif.*	—	—	—	60.2	64.5	58.2	—	—	—	18.6	21.9	17.7	—	—	—	48.5	56.7	38.0	—	—	—	—	—	—	—
Oakland, Calif.	74.1	75.7	67.5	50.7	51.7	41.4	27.2	46.3	20.7	18.3	31.7	16.2	62.2	71.5	52.8	40.9	46.4	35.5	—	33.7	—	—	21.5	—	
San Francisco, Calif.	65.3	88.3	58.3	47.3	56.6	38.8	29.0	36.8	25.0	16.5	22.1	12.1	50.7	59.1	48.0	33.5	37.8	28.4	—	—	—	—	—	—	—
Santa Barbara, Calif.	63.6	71.7	47.1	51.8	58.1	46.2	—	—	—	—	—	—	56.1	59.3	50.8	48.3	48.4	43.5	—	—	—	—	—	—	—
Vancouver, B. C.	89.4	96.5	82.2	63.5	65.4	61.5	36.4	41.5	31.2	27.7	33.3	22.0	—	—	—	42.0	—	—	33.0	—	—	200	—	34.4	
Victoria, B. C.	91.3	92.7	90.0	68.0	71.9	64.2	29.5	30.0	29.0	23.9	28.5	19.4	—	—	—	—	—	—	—	—	—	—	—	—	
Ottawa, Ont.*	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	

# Scoreboard

October, 1941

STORES (counts)	CITY STORES	MEN'S CLOTHING STORES				SHOE STORES				AUTO ACCESSORIES, TIRES, GAS AND OIL				MISCELLANEOUS						
		1941	1942	1941	1942	1941	1942	1941	1942	1941	1942	1941	1942	1941	1942	1941	1942	1941		
		HI.	LO.	AV.	HI.	LO.	AV.	HI.	LO.	AV.	HI.	LO.	AV.	HI.	LO.	AV.	HI.	LO.		
—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—		
252	—	—	25.0 <sup>a</sup>	—	—	—	—	—	—	—	64.4	—	—	—	—	88.7	95.5 <sup>b</sup>	81.9 <sup>c</sup>	59.0 <sup>d</sup>	
—	—	—	—	64.0	—	47.0	—	85.8	—	71.9	—	—	—	—	—	79.0 <sup>e</sup>	—	64.0 <sup>f</sup>		
—	—	—	—	61.0	—	44.0	—	64.5	—	51.6	—	88.9	—	74.3	—	77.8	83.0 <sup>g</sup>	61.5 <sup>h</sup>		
121	—	—	—	—	—	49.7	—	75.5	—	63.5	—	—	—	—	71.1	91.0 <sup>i</sup>	30.0 <sup>j</sup>	60.0 <sup>k</sup>		
—	—	—	—	67.8	74.6	61.0	45.6	48.6	42.3	—	—	59.5	—	81.8	—	71.9	84.2	90.6 <sup>l</sup>		
—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—		
113	—	59	49.2	61.2	37.2	—	—	67.8	77.2	58.4	55.7	66.2	45.3	—	—	82.5 <sup>m</sup>	82.5 <sup>n</sup>	82.5 <sup>o</sup>	78.7 <sup>p</sup>	
—	—	—	139 <sup>q</sup>	—	—	43.7	51.2	36.2	—	—	56.7	—	—	—	—	—	—	54.8	66.1 <sup>r</sup>	
—	—	—	—	—	—	43.5	48.0	39.2	—	—	43.8	47.5	40.0	—	—	—	—	—	—	
612	—	—	—	—	—	40.1	—	—	—	—	—	—	—	67.8	106.0	29.7	36.6	49.0	24.3	
514	61.4	66.6	52.7	44.3	51.2	40.0	—	—	—	—	—	—	—	—	—	77.8 <sup>s</sup>	89.3 <sup>t</sup>	66.4 <sup>u</sup>	68.9 <sup>v</sup>	
134	—	49.5	53.9	46.4	33.8	37.8	27.7	77.8	99.8	55.9	66.6	90.6	42.7	—	—	62.2 <sup>w</sup>	62.2 <sup>x</sup>	62.2 <sup>y</sup>	51.0 <sup>z</sup>	
260	—	—	—	—	—	—	—	—	—	—	62.0	—	—	—	—	—	56.7 <sup>aa</sup>	—	49.6 <sup>ab</sup>	
149	—	—	—	—	53.8	59.1	41.8	—	—	50.0	—	—	—	73.6	80.0	58.0	67.2 <sup>cc</sup>	85.0 <sup>dd</sup>	49.4 <sup>ee</sup>	
5204	—	—	—	53.7	58.0	51.4	39.6	42.7	37.7	—	—	—	—	—	72.5 <sup>ff</sup>	77.8 <sup>gg</sup>	70.0 <sup>hh</sup>	62.3 <sup>ii</sup>		
4150	—	—	—	—	44.5	—	35.3	36.3	34.4	—	64.0	—	51.0	—	—	61.4 <sup>jj</sup>	70.6 <sup>kk</sup>	52.2 <sup>ll</sup>	52.6 <sup>mm</sup>	
—	—	—	—	—	—	—	—	78.4	79.7	77.2	59.6	61.2	58.1	—	—	—	—	—	—	
6261	—	—	—	74.1	95.0	57.0	57.4	80.0	42.2	—	—	—	—	—	—	74.8 <sup>pp</sup>	94.0 <sup>qq</sup>	94.7 <sup>rr</sup>	74.8 <sup>ss</sup>	
—	—	10	52.5	60.5	44.6	54.7	61.4	48.0	38.6	47.3	29.8	75.0	87.1	63.0	—	57.2	—	62.0	81.0	
0197	—	43	40.0	62.9	38.8	61.9	85.0	48.2	43.5	59.2	42.2	—	—	—	—	—	77.3 <sup>tt</sup>	92.0 <sup>uu</sup>	59.0 <sup>vv</sup>	56.8 <sup>ww</sup>
390	—	—	—	—	—	37.8	48.5	27.0	52.3	53.3	51.2	41.0	43.1	38.9	—	—	—	78.2 <sup>xx</sup>	—	78.2 <sup>yy</sup>
—	—	—	—	—	—	71.5	89.1	63.6	55.0	56.1	38.4	—	—	—	—	—	—	—	—	
0164	—	44	42.4	63.0	21.8	55.6	59.8	51.5	—	50.0	—	65.9	—	50.3	—	—	62.0	—	32.0 <sup>zz</sup>	
—	—	—	—	—	—	90.2	95.0	85.4	57.0	66.3	47.8	—	74.0	—	65.0	—	—	95.5	—	64.7 <sup>AA</sup>
8210	—	—	31.0	—	—	64.0	72.3	55.7	54.7	56.1	53.4	—	—	—	—	—	64.0 <sup>BB</sup>	—	67.0 <sup>CC</sup>	
—	—	—	—	—	60.3	62.5	59.2	44.8	46.2	43.5	—	71.0	—	52.0	—	—	—	—	—	
172	—	—	—	—	64.8	—	—	48.8	—	70.0	—	—	50.0	—	—	—	—	—	—	
111	—	—	182 <sup>dd</sup>	—	—	66.8	82.4	58.2	54.7	76.5	41.5	—	65.9	—	70.2	73.0	67.4	56.7	80.7	
—	—	—	—	—	64.0	82.9	49.0	48.2	70.5	37.5	—	—	—	—	12.6	55.6	80.2	20.4	62.5 <sup>ff</sup>	
—	—	—	—	—	—	—	—	50.8	—	—	—	—	—	—	—	—	—	—	—	
—	—	—	—	—	65.3	74.6	56.0	51.3	62.5	40.2	—	—	—	—	—	—	—	—	—	
9116	—	—	189 <sup>ee</sup>	—	—	69.0	—	—	47.0	—	75.2	—	50.2	—	—	—	—	—	—	—
4121	—	—	13.9 <sup>ff</sup>	—	—	58.2	65.3	51.1	48.1	50.9	45.4	—	53.4	—	42.6	—	—	71.0	—	66.3 <sup>gg</sup>
—	—	—	—	—	31.0	—	73.0	79.0	67.0	77.0	57.0	—	71.3	—	62.0	—	—	99.6 <sup>hh</sup>	—	64.2 <sup>ii</sup>
—	—	—	189 <sup>ee</sup>	—	—	66.1	82.6	49.7	—	44.2	—	67.1	68.2	66.0	—	—	—	78.0	83.2 <sup>kk</sup>	21.0 <sup>ll</sup>
—	—	—	—	—	—	—	—	50.5	60.5	48.6	—	—	—	55.0	58.4	51.6	—	—	82.3 <sup>mm</sup>	
—	—	—	—	—	65.5	68.0	56.4	47.9	48.4	44.4	—	74.5	—	49.7	54.5	44.8	—	—	—	—
—	—	—	—	—	58.3	66.4	49.4	41.2	44.6	37.6	61.6	64.9	58.3	59.3	75.9	42.7	65.6	75.8	56.4	
—	—	—	—	—	72.0	88.8	42.3	37.8	70.9	44.4	71.6	96.3	50.1	50.7	58.9	46.0	—	—	64.4 <sup>pp</sup>	69.8 <sup>qq</sup>
—	—	—	—	—	200	34.4	47.0	21.8	80.2	100.5	60.0	66.0	80.0	52.0	—	83.0	—	73.0	—	68.0
—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	73.1	96.0 <sup>tt</sup>	40.0 <sup>uu</sup>	
—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	10.0 <sup>zz</sup>	

COMPILED BY RESEARCH DIVISION - NATIONAL RETAIL CREDIT ASSOCIATION

yeing

<sup>14</sup>Stationery, Office Supplies

<sup>16</sup>Hardware  
<sup>17</sup>Music

<sup>18</sup>Dairy  
<sup>19</sup>Drugs

<sup>23</sup>Household Equipment

<sup>24</sup>Electrical Supplies  
<sup>25</sup>Dental Supplies

IVISION UNITED STATES AND CANADA -- CONTRIBUTE THESE FIGURES MONTHLY

# Cost of CREDIT DEPARTMENT Operations

**Arthur H. Hert**

**T**HE 1941 CREDIT DEPARTMENT Operating Expenses and Other Data study continues a series of reports on this subject compiled by the Research Division since 1938. The object of this annual study is to serve the needs of retail credit executives for factual information on credit department operations in various types of retail stores.

As in the past, the data in the 1941 study are divided according to district, state, and credit volume brackets, in order that the individual store's identity is not revealed. Percentage figures are based on combined open credit and installment credit sales unless otherwise indicated. Represented are the following types of stores:

Department Stores	Lumber
Men's Wear	Auto Dealers
Women's Wear	Service Station
Furniture	Coal and Oil
Jewelry	Grocery
Shoes	Petroleum
Musical Instruments	Paint

The table on this page shows the median department store percentages for the past four years. On the opposite page is another composite table of the 1941 credit department expense percentages for department stores. This table shows the high, median and low figures for the various volume brackets and is computed in the following manner: The figures for each item were arranged in descending order for the stores in each volume bracket. The highest and lowest figures were then selected and the middle figure was considered the median or average. The same procedure was followed in the total expense figures, and the total expenses for the high, median and low for the various volume brackets represent the stores reporting the high, median and low total expense figures. These figures are, therefore, not the result of the ten items being added together.

This report is an indication of the cooperative spirit and interest of our individual credit executive members who submitted their confidential figures. A wide change in business conditions will, no doubt, be reflected in 1942 percentages and it is hoped that when the questionnaires are received this fact will not influence our members to withhold their data. Even though the figures are abnormal these data represent facts and it is necessary that we have as much information as possible to make a worth-while comparison with other years.

*Make a note of it now that when the 1942 questionnaire is received you will return it to the Research Division as complete and as promptly as possible.*

**1938, 1939, 1940, 1941, Median Credit Department Expense Percentages to Combined Open Credit and Installment Sales - DEPARTMENT STORES**

CREDIT VOLUME ITEMS	Over \$5,000,000		\$2,500,000 to \$5,000,000		\$1,000,000 to \$2,500,000		\$500,000 to \$1,000,000		\$250,000 to \$500,000		\$250,000 to \$500,000					
	1938	1939	1940	1941	1938	1939	1940	1941	1938	1939	1940	1941	1938	1939	1940	1941
<b>Payroll—Credit and Collection Offices</b>																
1—Manager, Assistants and Clerical	.773	.465	.510	.580	.778	.633	.725	.680	.855	.781	.690	.680	.916	.886	.610	.710
2—Authorizers	.136	.130	.114	.120	.114	.133	.135	.169	.156	.149	.145	.140	.203	.195	.160	.150
<b>Payroll—Accounts Receivable</b>																
3—Billing, Bill Adjusters, Clerical	.509	.500	.516	.423	.495	.490	.380	.580	.420	.482	.440	.431	.489	.627	.450	.490
4—Credit Office and Accounts Receivable Supplies	.110	.120	.097	.100	.092	.130	.100	.120	.140	.130	.120	.137	.196	.160	.185	.138
5—Postage and Communication	.249	.240	.250	.230	.221	.270	.281	.220	.324	.300	.260	.288	.292	.350	.302	.310
6—Collection Agency Commissions, Court Costs, etc.	.071	.110	.115	.080	.080	.088	.110	.083	.119	.104	.075	.103	.070	.127	.145	.105
7—Credit Reports, Credit Bureau Dues, etc.	.096	.141	.125	.136	.146	.178	.160	.120	.141	.127	.120	.160	.146	.217	.210	.150
8—Net Losses from Bad Debts	.390	.140	.180	.290	.212	.320	.340	.270	.310	.360	.190	.190	.517	.361	.250	.470
9—Losses from Fraudulent Purchases and Bad Checks	.026	.050	.044	.048	.032	.036	.040	.050	.040	.066	.040	.070	.031	.030	.020	.020
10—All Other Expenses	.061	.029	.055	.080	.065	.080	.050	.040	.040	.066	.040	.070	.031	.030	.060	.060
Total Expense	2.231	1.971	2.159	2.090	2.351	2.505	2.519	3.060	2.745	2.339	2.195	2.869	2.721	2.450	3.191	2.207

# 1941 Credit Department Expense Percentages to Combined Open Credit and Installment Sales

## DEPARTMENT STORES

CREDIT VOLUME ITEMS	Over \$5,000,000			\$2,500,000 to \$5,000,000			\$1,000,000 to \$2,500,000			\$500,000 to \$1,000,000			\$250,000 to \$500,000		
	HIGH	MEDIAN	LOW	HIGH	MEDIAN	LOW	HIGH	MEDIAN	LOW	HIGH	MEDIAN	LOW	HIGH	MEDIAN	LOW
Payroll—Credit and Collection Offices															
1—Manager, Assistants and Clerical	1,000	.580	.154	1,480	.680	.290	.990	.680	.390	1,300	.710	.500	2,000	1,240	1,000
2—Authorizers	.200	.087	.040	.400	.135	.050	.310	.140	.107	.700	.150	.080	.350	.305	.260
Payroll—Accounts Receivable															
3—Billing, Bill Adjusters, Clerical	.621	.516	.330	.800	.380	.170	.920	.440	.270	.830	.450	.300	.950	.775	.600
4—Credit Office and Accounts Receivable Supplies	.240	.100	.061	.213	.100	.050	.250	.120	.040	.400	.185	.100	.270	.135	.003
5—Postage and Communication	.330	.250	.129	.310	.220	.120	.430	.288	.230	.380	.210	.210	.330	.166	.002
6—Collection Agency Commissions, Court Costs, Etc.	.200	.080	.027	.180	.083	.050	.152	.103	.047	.200	.105	.007	.080	.040	.001
7—Credit Reports, Credit Bureau Dues, Etc.	.430	.136	.040	.340	.120	.060	.260	.160	.080	.300	.150	.020	.180	.090	.001
8—Net Losses from Bad Debts	.610	.290	.053	.1,320	.270	.090	.360	.190	.090	.1,100	.470	.060	.1,000	.280	.004
9—Losses from Fraudulent Purchases and Bad Checks	.140	.048	.010	.127	.050	.010	.040	.040	.030	.069	.040	.020	.010	---	---
10—All Other Expenses	.310	.080	.011	.120	.040	.010	.170	.031	.019	.700	.120	.040	---	---	---
Total Expense	3,600	2,090	1,603	3,730	2,303	1,260	3,110	2,195	1,581	3,910	3,199	1,700	5,000	3,590	1,039
Other Data															
11—Average sale:															
Open Credit	\$ 4.69	\$ 3.88	\$ 2.32	\$ 4.30	\$ 3.15	\$ 1.95	\$ 5.40	\$ 3.81	\$ 2.71	\$ 3.68	\$ 2.57	\$ 1.84	---	---	---
12—Average purchase per account:															
Open Credit	\$ 207.29	\$ 140.44	\$ 94.50	\$ 235.00	\$ 116.12	\$ 76.84	\$ 149.00	\$ 103.08	\$ 95.46	\$ 141.00	\$ 99.96	\$ 69.40	---	---	---
Installment Credit	\$ 143.32	\$ 83.44	\$ 53.04	\$ 98.48	\$ 50.00	\$ 26.44	\$ 103.42	\$ 85.74	\$ 36.19	\$ 122.61	\$ 46.64	\$ 28.63	---	---	---
13—Cost per transaction:															
Open Credit	\$ 0.10	\$ 0.06	\$ 0.01	\$ 0.11	\$ 0.10	\$ 0.08	\$ 0.11	\$ 0.05	\$ 0.03	\$ 0.14	\$ 0.095	\$ 0.05	---	---	---
14—Cost per active account:															
Open Credit	\$ 5.16	\$ 3.23	\$ 2.71	\$ 5.51	\$ 6.66	\$ 2.15	\$ 3.16	\$ 2.45	\$ 1.75	\$ 4.03	\$ 2.34	\$ 2.00	---	---	---
15—Increase in sales:															
Open Credit	22.00%	16.70%	3.20%	30.40%	14.90%	3.20%	20.50%	10.57%	2.40%	23.80%	11.50%	2.30%	---	---	---
Installment Credit	42.80%	21.80%	72.10%	19.20%	2.20%	33.40%	23.90%	9.16%	16.60%	13.30%	7.00%	---	---	---	---
16—Increase in collections:															
Open Credit	20.04%	13.50%	5.19%	30.00%	11.60%	2.31%	19.08%	8.41%	1.60%	17.48%	11.90%	2.20%	---	---	---
Installment Credit	43.00%	19.91%	7.24%	47.70%	21.85%	1.10%	33.96%	32.50%	14.05%	43.00%	19.20%	13.02%	---	---	---
17—Declined Accounts:															
Open Credit	16.50%	7.35%	3.47%	16.40%	8.72%	3.05%	16.00%	3.22%	1.00%	18.00%	12.00%	6.50%	---	---	---
Installment Credit	18.00%	4.10%	.97%	8.10%	3.80%	.50%	29.10%	2.50%	1.00%	9.60%	6.30%	1.02%	---	---	---



**David J. Woodlock**

David J. Woodlock, a leader in the St. Louis retail credit field for many years, died suddenly at his home in St. Louis on October 29, 1942.

"Dave," as he was known by his many friends, had been in ill health and confined to his home for the past seven years. He was for many years Credit Manager of Nugent's; was one of the founders of the Associated Retail Credit Men and Credit Bureau of St. Louis; and served two years, 1914-1916, as President of the National Retail Credit Association (then the Retail Credit Men's National Association). At the St. Paul Convention in August, 1919, he was elected Executive Secretary, and at the time of his resignation, in April, 1934, was Manager-Treasurer of the Association.

Commenting on his death, President Burris wrote: "I am very sorry indeed to hear of the death of Dave Woodlock. Dave had a wonderful personality and many fine, likeable qualities, made friends easily and his friends were intensely loyal to him."

Mr. Woodlock is survived by his widow, two daughters, and a son, David, who is an aviation cadet in the United States Army. To his loved ones we extend our condolences and heartfelt sympathy.

L. S. Crowder.

## **"Equality of Benefits"**

(Beginning on page 3)

these lean days when reporting volume has dropped anywhere from 30 to 60 per cent.

Credit bureaus are not charity organizations, seeking support of that nature. They are definitely civic institutions, helping to safeguard the character and business foundations of these communities. Service requirements have been changed by rules and regulations beyond the control of your manager. Some new avenues of service are now opening for the alert bureau manager through which he can advance to greater usefulness, greater responsibility, and greater respect, as he honestly and faithfully fulfills his service obligations to those about him.

Where equality of benefits implies equality of responsibilities, we can have no narrow confines. Our work must be broad—almost limitless. The credit tentacles are the credit managers. Our combined duty is to stimulate good credits, and good records, as well as to deter bad ones. We must develop both the positive and negative qualities of our job. We must encourage the man who pays his bills to know that his clean character and credit record entitle him to credit, or a position, any place; and just so, negatively, we must emphasize to the parasite of modern business that he cannot be trusted any place because the credit bureau and its affiliated credit managers are vigilant.

The more we recognize our combined community responsibilities, the better, broader service will we render; the greater respect will the people have for us and for those we represent; and the better will we be able to carry on. We must ever remember that the credit bureau is a constructive force; a helping institution; a community clearinghouse; and our job is to keep ever and on, under the light of new days and increasing possibilities and responsibilities, to the goal of greater service—greater success. *This can be accomplished only when each of us knows full well that sharing of equal opportunities and benefits means an equal sharing of difficulties and responsibilities.*

## **BINDERS**

for *The Credit World*

**P**AMPHLET type with stiff blue fabricoid covered sides and the words "Credit World" lettered in gold. Holds 12 issues. There is an individual wite for each issue, easily inserted. Every member should have a binder for each volume. Price, \$1.75, postpaid. • • • • •

*Order from*

**NATIONAL RETAIL CREDIT ASSOCIATION**  
Shell Building      St. Louis, Missouri

## Credit Advertising Standards

AT THE INSTANCE of the National Association of Better Business Bureaus, a conference was recently called in New York City, to which representatives of many business organizations were invited. At this conference the voluntary standards for advertising consumer credit, shown below, were adopted.

In cooperation with the National Association of Better Business Bureaus\* and

To help business voluntarily keep its advertising and selling practices in accord with Regulation W, promulgated, with amendments and interpretations, by the Federal Reserve Board, we formulate the following standards:

1. No advertiser shall make any statement about credit terms which is false or misleading or which tends to frustrate Regulation W.
2. No advertiser shall make any offer or representation which states or implies that loan or credit terms are available, which in fact are not obtainable under Regulation W.
3. No advertiser shall use any statement which states or implies that loan or credit terms, permitted by Regulation W, under special circumstances or in limited cases only, are available generally.
4. No advertisement shall be so constructed, typographically or otherwise, as to create the impression that credit terms featured apply to all merchandise, loans, credits or services offered in the advertisement, when such is not the fact.
5. No advertiser shall offer allowances or credits, including trade-in allowances, which are fictitious or exaggerated or in any way tend to mislead.
6. When installment credit terms are advertised as specific amounts per week or per month, the advertiser shall refer to the fact that a down payment is required, if such be the case.  
*(NOTE: It shall be deemed satisfactory, in complying with this standard, if an advertiser adopt any one of the following methods of compliance:*  
a. Name the amount of the down payment specifically.  
b. Name the percentage of down payment required.  
c. State, without qualification, that a down payment is required.)
7. When offers to lend money for the purchase of listed merchandise are advertised, the advertiser shall refer to the fact that such loans are limited to only a portion of the purchase price or to the purchase price after the down payment.
8. No advertiser shall refer to an installment credit as a charge account. Installment credit is defined by Regulation W to mean "an extension of credit which the obligor undertakes to repay in two or more scheduled payments or as to which the obligor undertakes to make two or more scheduled payments or deposits usable to liquidate the credit, or which has a similar purpose or effect."
9. No advertiser shall employ the phrase, "No money down," or its equivalent, in connection with a charge account.—*St. Louis Better Business Bureau Bulletin.*

## Successful Credit Department Letters

### VOLUME II

#### Just Published

The success of our first booklet, and a demand for more examples of outstanding credit and collection letters, is responsible for our publishing another practical aid to successful letter writing. The 163 specimen letters illustrated cover the field of credit correspondence, and contain many valuable ideas well worth adopting.

**Of vital importance to credit grantors is a section devoted to Regulation W. Many letters are illustrated and all of them comply with the requirements.**

Practical hints on letter writing are also included that will save time and assist the busy credit executive to do a better job.

The various types of letters and forms are carefully indexed for quick reference. Among the many types illustrated are:

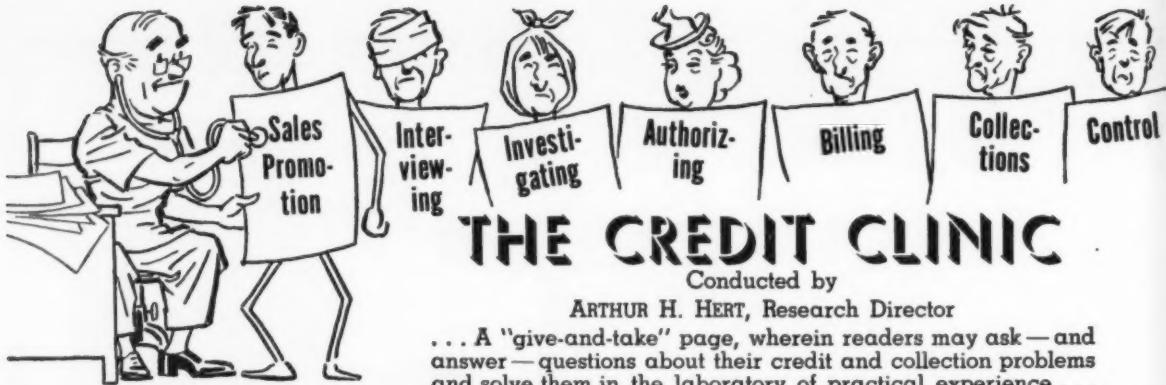
- Account solicitation letters
- Collection letters
- Collection notice cards
- Declining account letters
- Credit sales promotion letters
- Good Will letters
- Inactive account letters
- New account acknowledgment letters
- Letters for use with Regulation W

Here's your opportunity to secure an extremely timely booklet for practical use in handling your business correspondence during wartime.

\$1.00 TO MEMBERS NONMEMBERS \$1.50

**NATIONAL RETAIL CREDIT ASSOCIATION**  
Shell Building

St. Louis, Mo.



## THE CREDIT CLINIC

Conducted by  
ARTHUR H. HERT, Research Director

... A "give-and-take" page, wherein readers may ask—and answer—questions about their credit and collection problems and solve them in the laboratory of practical experience . . .

# Are Slow Accounts Getting Slower?

### The Question

*Due to high monthly payments today, accounts outstanding for sixty days have dropped to an unusual figure. However, many stores are reporting that the slow-pays still remain slow even to the extent of increased percentages. In other words, the good accounts pay two weeks sooner and the poor ones all turn into collection items.*

*Tell us about the condition of your charge accounts that are six months old and over. What are you doing about them?*

### The Answers

**Birmingham, Ala.:** We have quite a few charge accounts that are six months old or older. We are putting forth every effort to collect them and are pushing them harder than we would under normal conditions. Our collection percentages on open accounts have increased from 42.0 per cent last November to an all time high of 69.2 per cent for November, 1942, which would indicate that Regulation W is causing the majority of customers to pay promptly. It does seem, however, that the bad ones are just as hard, if not harder, to collect from.

★ ★ ★

**Birmingham, Ala.:** It is true that most of the slow-pays still remain slow, the good accounts pay more promptly, and the slow ones become collection follow-up items. Up to the 6th of this month we had outstanding 25 accounts amounting to \$453.15 balance due on purchases six months and over. We are following them up just as we have always followed up delinquent accounts.

★ ★ ★

**Chicago, Ill.:** Our slow accounts are slower but not enough to change our routine.

★ ★ ★

**Columbus, Ohio:** Our experience since Regulation W has been most pleasant. We believe that the customers have a more thorough knowledge of the regulation and the accounts are being paid in a more satisfactory manner. We are putting more intensive collection effort on accounts that are six months old and over, and they are being paid in a better manner than formerly.

**Kansas City, Mo.:** We have approximately the same number of slow accounts that we have always had, and are using the same collection follow-up that we have always used. We have very few accounts that are over six months old; the greater number are in the hands of attorneys for collection. We put practically all accounts in attorneys' hands for collection which do not show a payment for a period of 6 months. This is because we feel that we have exhausted our own efforts to collect accounts in that period of time.

★ ★ ★

**Louisville, Ky.:** I believe that more pressure will have to be exerted on old accounts that have become frozen. Below is a comparison of our percentage of accounts outstanding for August and September. This includes accounts 6 months and older, and accounts that are in the hands of attorneys.

	1941	1942
August	2.9%	4.6%
September	2.8%	3.9%

★ ★ ★

**Memphis, Tenn.:** While we have the usual collection problem regarding old accounts, we do not feel that it is any worse than heretofore. We have less accounts that are six months old or older than we had a year ago. Our collections have increased 15 to 16 per cent, but we have always enjoyed a good collection percentage in the past.

★ ★ ★

**Memphis, Tenn.:** The accounts frozen after July 10 which are now six months old and over are just a collection problem. We have explained that they can cure their accounts and still keep them open but must pay them promptly. Also a cured account must be paid each month. Their answer is that they cannot pay two accounts so we find that they are spending their cash with us and paying a small amount on the frozen account. We do find that a very high percentage of accounts that have been opened since July 10 are paying promptly and very few are frozen.

★ ★ ★

**Milwaukee, Wis.:** There is no doubt that Regulation W has affected the paying habits of both fairly good paying customers and also a great many slow-pays.



Many of them now pay promptly which is evidenced by our greatly improved collection percentage. Some of the former slow-pays are still slow but from general observation we believe our collection, or slow-pay, accounts are in better condition than they have been for some time.

★ ★ ★

**Milwaukee, Wis.:** We have stepped up our collection procedure on accounts six months old or more. While our collections have been more successful, our number of slow-paying accounts remain about the same with a slight increase in the number of our deferred payment accounts. Men entering the service and those moving into other localities on defense jobs are, of course, the reason for the increase. In spite of our high collection percentages, consistent and more thorough follow-up of slow accounts seem to be the answer.

★ ★ ★

**Oklahoma City, Okla.:** Our collections on delinquent accounts for the month of October were 12.44 per cent, and 16.97 per cent for the month of October, 1941. We find that customers who have allowed their accounts to become in default are hard to collect from. Our collections on regular accounts for the month of October, 1942 were 90.52 per cent, and for October, 1941, 61.8 per cent. Collections on contracts and lay-away purchases are very much higher than they were last year. Our charge sales for October of this year were 56.0 per cent of our total volume and for October, 1941 consisted of 64.0 per cent of our business.

★ ★ ★

**St. Louis, Mo.:** Our collections have shown quite an improvement during the past four months over the same period in 1941. This applies to regular charge accounts as well as deferred payment accounts. There seems to be no perceptible increase in accounts turned over to our collection department so far this year. Our accounts are in a healthy condition. However, credit sales have fallen a little below 1941 during the past four months, especially deferred payment accounts. We do not expect a very great change in collections for the present.

★ ★ ★

**St. Louis, Mo.:** From careful observation, we can say very definitely that our slow-pay accounts are diminishing. This is obvious from the fact that on accounts six months old and over it has always been our custom to carry a follow-up tickler.

Since the new government regulations went into effect these have been reduced by at least one-third, indicating that these accounts have again become current, or within a sixty-day period. Our accounts are aged only once a year and the last time was July 31. That was only about three months after the regulation went into effect, but even then the six months and older accounts had improved noticeably from the

preceding year. Since then, of course, there has been a more noticeable improvement as a great number of these chronic slow-pays have had the opportunity to pay off older obligations while possibly paying cash for their current needs. Now that they are able to start from scratch again we are optimistic enough to believe they may be able to maintain their accounts on a current basis.

★ ★ ★

**St. Paul, Minn.:** It is our experience that the heretofore chronic slow-pays are more difficult to collect from than in the past because they are obliged to pay cash for their purchases. Generally speaking, we believe that the public realizes the reason and necessity for the regulation and desire to cooperate in every way possible. On the first of each month, all accounts that show a balance carried forward from the preceding month are flagged. We attach a brief reminder to the bill, calling attention to the fact that the account will be in default if the past due amount is not paid by the tenth of the month. Results have been most gratifying. We are pleased with the change for our collection problems have been greatly reduced. Collections have shown a substantial increase each month since the regulation went into effect. Our outstanding also have been greatly reduced.

★ ★ ★

**Tulsa, Okla.:** We have a smaller number of accounts that are six months old or older this year as compared to last year. We are using our regular collection procedure on these accounts just as we have in the past and the tough ones are referred to the Collection Department of the Retail Merchants Association for handling.

★ ★ ★

**Kansas City, Mo.:** We still have our slow-paying accounts and although Regulation W has increased our collections enormously, there are still those who purchase an article and take up to six months to pay, making no attempt to add to the account before paying. We are handling our old accounts in the same manner we have always, doing everything to effect collection.

★ ★ ★

**Worcester, Mass.:** Our collections for October, 1942 were 70.7 per cent as compared to 45.0 per cent for October, 1941—a gain of 25.7 per cent. The average gain from June to October, 1942 was 20.4 per cent. From May 31, 1942 to October 31, 1942, ledger balances reduced 3.7 per cent. However, we have noticed a tendency during the past few months of slow accounts becoming slower. This, no doubt, is caused by the rising costs of living and income taxes of white-collar workers who have had no increases in incomes. To remedy this situation, and to keep our books clean and liquid we place such accounts, in the hands of our attorney for collection. In September, we placed 98 accounts and in October, 56. We do not wait more than six months before we take this action. All accounts placed with an attorney are charged off the 15th of each month.

### What Is the Most Important Retail Credit Problem for 1943?

Here, again, is the annual question! The responses to this question, each year, have come to be regarded as a yearly symposium of credit opinion of the North American Continent.

So that we may publish as many answers as possible, may we request that you please make your answer brief (not over 50 words) and to the point. And mail it to the National Office BEFORE DECEMBER 18, if possible. Thank you!

*Meetings*  
**ELECTIONS**

# NEWS ITEMS

*Personal and*  
**OTHERWISE**

## Nashville Credit Men Sponsor Military Dance

On October 10 the Nashville Retail Credit Association sponsored a military dance at the Y.M.C.A. for all men in uniform. Over four hundred attended. This was one of the regular Saturday night dances sponsored by various civic clubs for men in the armed forces, a program which has been in effect in Nashville for the past eighteen months. The War Service Committee of the Retail Credit Association had charge of the program.

## N. C. Henderson Promoted at Schuster's

Norman C. Henderson, in charge of the collection of installment accounts, has been promoted to the position of Collection Manager of the three Schuster stores in Milwaukee. He has been with the store for the past nineteen years and has served in all sections of the credit department.

## Omaha Credit Women Elect

Frieda Funk was elected President of the Omaha Credit Women's Breakfast Club at their annual dinner meeting recently. Florence Freer was chosen Vice-President; Julia Croft, Secretary; Lillian Vondrasek, Assistant Secretary; and Agnes Wirth, Treasurer. Elected to the Board of Directors were: Margaret Kemny, Helen Olson, Juanita Schildgen, and Mrs. Dessie Clark.

## New Officers at Beloit

J. H. Hayes of the Beloit State Bank has been re-elected President of the Beloit Credit Association. Robert Shephardson, E. L. Chester Co., was elected Vice-President; Leonora Giobanoni, Beloit Credit Bureau, Secretary; and Russell Miller, Strasburg Lumber and Fuel Co., Treasurer.

## Harold P. Lawrence on OPA Staff

Harold P. Lawrence, for many years Credit Manager at the B. Peck Co., Lewiston, Me., also office manager and Assistant Treasurer there, has been appointed to the staff of the State Office of Price Administration for Maine.

## Wildes New Secretary of Minneapolis Bureau

Carleton E. Wildes, formerly Credit Manager of L. S. Donaldson Co., Minneapolis, has been appointed Secretary-Manager of the Minneapolis Credit Exchange and Secretary-Elect of the Retail Credit Association of Minneapolis.

## Louisville Credit Men Elect

Newly elected officers and directors of the Retail Credit Managers' Association, Louisville, Kentucky, are: President, J. Hardin Ward, Stewart Dry Goods Co.; Vice-President, S. Frank Block, Levy Bros.; and Secretary-Treasurer, Carson L. Bard, The Credit Rating Co. Directors: Miss Lavern Jackson, Kaufman-Straus Co.; Miss Clara Persevall, Durand's; Virgil V. Burns, Sears, Roebuck & Co.; Shirley H. Mathews, Liberty National Bank & Trust Co.; Ernest F. Overstreet, Ewing-Von Allmen Dairy Co.; and Roy H. Weinedel, Albert Hess Furniture Co.

## Position Wanted

CREDIT, FINANCE OR BUREAU MANAGER: Twelve and one-half years' experience, age 37, dependents, draft status 3-A. Familiar with Regulation W and all types of consumer credit. Address Box 121, CREDIT WORLD.



● ● Pictured above are those who attended the banquet for H. J. Burris, honoring him as President of the National Retail Credit Association. It was given at Hotel Muehlbach, Kansas City, October 21. Details of this notable occasion were published in the November CREDIT WORLD.

## "Civil Relief Act"

(Beginning on page 6)

may in turn apply to the court for relief from payments on any obligation with respect to such premises and such person shall be entitled to the same relief as may be granted to a person in the armed forces. (Section 8 (a) amending Section 300 (2) of the Act.)

**Liability for Storage Charges on Furniture, etc.** The amendments also prohibit the exercise of any right to foreclose or enforce any lien for storage of household goods, furniture, or personal effects of persons in military service, except upon leave of the court. (Section 12 adding Section 305 (2) to the Act.)

**Protection of Existing Life Insurance.** The amendments also contain provisions whereby the United States will guarantee the payment of premiums of certain life endowment and term insurance policies of those in military service up to \$10,000. The period of protection is for the period of military service and for two years thereafter. In the event that the unpaid premiums exceed the cash surrender value of the insurance at the end of the period of protection, the policy then is terminated and the difference paid to the insurer by the United States. This amount, upon payment, becomes a debt owing to the United States by the insured. (Section 13 amending Article IV of the Act.)

**Property Taxes.** The amendments also provide for protection of those in military service and their dependents against sale or foreclosure of real or personal property for failure to pay property taxes, except upon leave of the court. (Section 14 (a) amending Section 500 of the Act.)

The deferment of collection of income taxes of those in military service is covered by Section 513 of the original Act and the blanket terms of such deferment remain unchanged by the amendments.

**Protection for Persons in Armed Forces of Allied Countries.** Citizens of the United States serving with the armed forces of other allied countries are also entitled to the protection of the Act. (Section 4 amending Section 104 of the Act; Section 16 amending Section 512 of the Act.)

**Protection Begins Upon Receipt of Order.** The protection of the Act as amended is extended to include the time beginning upon the date of receipt of the order and for the period up until induction. (Section 4 adding Section 106 to the Act.)

## Officers of Wichita Credit Women



Above is a photograph of the newly elected officers of the Wichita Retail Credit Women's Breakfast Club, Wichita, Kansas, installed at their banquet October 6. Seated left to right are: Beulah Riley, Treasurer; Georgia Hildrith, Recording Secretary; Leola Nix, President; Nina Wisley, First Vice-President; and Hazel Ate, Second Vice-President. Standing, left to right, are Margaret Parrott, Past President; Directors, Barbara Gillen, Helen Parker, Vada Bulmer; and Dorthea Carlson, Financial Secretary.

# BAROMETER of Retail BUSINESS

## Sales and Collection Trends

October, 1942, vs. October, 1941

Compiled by Research Division, National Retail Credit Association

Arthur H. Hert, Research Director

CREDIT SALES decreased 5.9 per cent during October; total sales increased 22.0 per cent; and collections increased 12.5 per cent in the United States and Canada, as compared with October, 1941. The present trend toward cash sales, shortages of merchandise, and priorities continues to bring credit sales percentages downward as compared with 1941; however, there was a noted improvement during October over the previous three months.

Highlights of the monthly analysis are shown in the tables below:

## Highlights for October

46	Cities reporting.
14,642	Retail stores represented.
<b>COLLECTIONS</b>	
41	Cities reported increases.
12.5%	Was the average increase for all cities.
25.5%	Was the greatest increase (Grand Rapids, Mich.).
3	Cities reported no change.
2	Cities reported decreases.
4.9%	Was the greatest decrease (Youngstown, Ohio).

## CREDIT SALES

39	Cities reported decreases.
5.9%	Was the average decrease for all cities.
35.0%	Was the greatest decrease (Fort Smith, Ark.).
1	City reported no change (Aberdeen, S. D.)
6	Cities reported increases.
18.6%	Was the greatest increase (Cedar Rapids, Ia.).

## TOTAL SALES

43	Cities reported increases.
22.0%	Was the average increase for all cities.
62.5%	Was the greatest increase (Waco, Texas).
1	City reported no change (Cheyenne, Wyo.).
2	Cities reported decreases.
4.0%	Was the greatest decrease (Clarksburg, W. Va.).

# A Follow-Up System

## Under Regulation W

*Milton Rose*



**Our credit policy is based upon the premise,** "Keep the customer open to buy." Just as a buyer must have his or her stock in good condition, and be open to buy, so must the customer have her account in good condition, so that she, too, is open to buy. Just as a Merchandise Manager or Comptroller assists the buyer, so must the Credit Manager supervise intelligently the buying and paying of the customer.

Since Regulation W went into effect it is all the more important to keep the customer open to buy, because if you don't she is stopped by Regulation W from trading with you, until her account is cured. In the meantime, she may go to a competitor with the possibility of your losing the account for good.

Here is how our credit system works:

Illustration No. 1 shows the statement we use on all accounts. If the balance represents only current month purchases a cipher is placed in the box at bottom of statement provided for that purpose.

If there is an amount overdue from previous month or months, which is in default, or an amount that will be in default if not paid by the tenth of the month, that figure is entered in the box, as indicated in Illustration No. 2. In this way, the customer has advance notice of the amount that must be paid by the tenth of the month in order to avoid the account being "frozen" and can thereby make arrangements to take care of it. We have found that one person can mark more than 4,000 statements in one day.

The next step is to transfer the balance and overdue figures to a Credit History card (Illustration No. 3). This is complete in a visible index pocket. The total balance is entered on the top line in each month. Underneath, or on the bottom line, is entered the amount that must be paid by the tenth of the month to avoid freezing.

We have found that any person with five minutes' training can authorize charges, because all that is necessary is to watch the credit limit and see that the amount on the bottom line is offset by a payment.

Should the customer desire to buy after the tenth of the month and the account is "frozen," we send forms Nos. 4 and 5 (illustrated) down the carrier. This is sent down in a sealed envelope addressed to the customer. The clerk has no knowledge of what the envelope contains, as this same envelope is used for all contact with

the customer. Since using this system we have had no complaints.

On the 12th of the month we put a red tab on all accounts that are in default, but do not send notices to them until the 18th or 19th. These notices are again sent out on the 26th and 27th.

This may be considered a rather strict collection policy but we use a unique type of collection notice (Illustration No. 6) and have had absolutely no complaints from our customers.

"The proof of the pudding is in the eating," they say, and our proof of the satisfactory operation of this system is in the fact that our charge account volume is equal to that of last year, and is 40 per cent better than it was in 1940.

Our collections for the month of July amounted to 61 per cent on our total accounts receivable, including some budget accounts on cloth and fur coats. In August our collections were 59.8 per cent and in September, 65.9 per cent.

My personal opinion is that the highest possible velocity of action on charge accounts is necessary at this time. The Federal Government wants our accounts receivable drastically reduced by May 1, 1943. If we do not obtain high collections, our accounts receivable will be high. The goal to strive for is the highest possible collections that can be obtained without customer resistance, and the largest volume of charge sales that it is possible to get. If we do a good charge sales job, and an unusually good collection job, we can increase our charge sales and still have a low figure of outstanding accounts.

Our collections for October, 1942, were 73 per cent on total accounts receivable. Of the total accounts receivable, 10 per cent was in the budget category. Our charge volume for October increased 14 per cent as against October, 1941. Another very important reason for striving for high collections is the fact that the more cash in the bank, the easier to meet income tax payments.

Consider too, that if some unforeseen conditions were to come about that would adversely affect the present employment situation, you would be much less seriously affected if your accounts receivable were at a minimum because of high collections, and your cash reserve was so much larger. In my opinion, high collections at this time are of paramount importance.

### About the Author

In submitting this worth-while material for publication, the author, Mr. Milton Rose, made the following comment: "For many years I have read and enjoyed The CREDIT WORLD, and have gotten many new ideas out of it. I now feel that I should reciprocate by sending along an explanation of a system we have successfully used and which may prove beneficial in some manner or degree to the members of the National Association."

Mr. Rose has been Credit Manager of The Peerless Co., Pawtucket, Rhode Island, for the past seven years and was one of the Credit Managers of The Credit Clearing House, New York City, for fifteen years.

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801 MAIN STREET      MONTHLY STATEMENT      BLACKSTONE 2100

**①** *The Peerless Co.*  
PAWTUCKET, R. I.

MRS. JOHN DOR  
25 MAIN ST.  
PAWTUCKET, R. I.

AMOUNT \_\_\_\_\_  
PLEASE DETACH AND RETURN THIS PORTION WITH YOUR CHECK  
NO RECEIPT SENT UNLESS REQUESTED.

DATE	ITEMS	PURCHASE	CREDIT	BALANCE
THE LAST AMOUNT IN THIS COLUMN IS DUE AND PAYABLE THIS MONTH				
OCT 5	DRESS	14.90		
	EAT	5.00		
	GLOVES	2.50		22.40
				REGULAR, WHITE, MEDIUM, FINE, EXTRAS
				2319 Gundreau Lillian Miss
				PAWTUCKET, R. I.

**Victory Charge Account**  
Of your total balance **\$ 0** is overdue.

PAYMENT OF THE OVERDUE AMOUNT BY THE 10th OF THIS MONTH IS NECESSARY OR IN ACCORDANCE WITH NEW U. S. GOVERNMENT CREDIT REGULATIONS ADDITIONAL CHARGE PURCHASES CANNOT BE PERMITTED.

THE PEERLESS CO., 231 MAIN STREET, PAWTUCKET, R. I.

**②** *The Peerless Co.*  
PAWTUCKET, R. I.

MRS. JOHN DOR  
25 MAIN ST.  
PAWTUCKET, R. I.

AMOUNT \_\_\_\_\_  
PLEASE DETACH AND RETURN THIS PORTION WITH YOUR CHECK  
NO RECEIPT SENT UNLESS REQUESTED.

DATE	ITEMS	PURCHASE	CREDIT	BALANCE
THE LAST AMOUNT IN THIS COLUMN IS DUE AND PAYABLE THIS MONTH				
SEPT 8	CASE		30.00	
SEPT 8	DRESS	10.00	30.00	20.00
		7.90		27.90

**Victory Charge Account**  
Of your total balance **\$ 20.00** is overdue.

PAYMENT OF THE OVERDUE AMOUNT BY THE 10th OF THIS MONTH IS NECESSARY OR IN ACCORDANCE WITH NEW U. S. GOVERNMENT CREDIT REGULATIONS ADDITIONAL CHARGE PURCHASES CANNOT BE PERMITTED.

THE PEERLESS CO., 231 MAIN STREET, PAWTUCKET, R. I.

**③** *The Peerless Co.*  
PAWTUCKET, R. I.

Top figure indicates  
bottom to indicate  
the amount that must be paid  
by 10th of month to avoid  
freezing.

Bottom figure indicates  
bottom to indicate  
the amount that must be paid  
by 10th of month to avoid  
freezing.

This slide indicates  
amounts during month.

2319 Gundreau Lillian Miss  
PAWTUCKET, R. I.

**④**

In accordance with United States  
Government regulations on credit, **\$ 900**  
must be paid before additional charges can  
be made.

In the event that this is not poss-  
ible at the moment, we shall be pleased  
to hold item selected on our "Layaway  
Plan" until this amount has been paid.

THE PEERLESS COMPANY

**⑤**

TO CUSTOMER  
Personal

**⑥**

OUR HANDS ARE  
TIED...

In accordance with government regulations, your account is now in default. The amount overdue is **\$ 15.00**.

By law we have no alternative other than to suspend charge privileges until this is paid.

Won't you please let us hear from you promptly so that charge privileges may be reinstated as soon as possible.

IF PAYMENT HAS ALREADY BEEN MADE, PLEASE DISREGARD.

THE PEERLESS CO.

# Soliciting Business

## FROM INACTIVE ACCOUNTS

B. Y. Cooper

Credit Manager, Odum, Bowers & White  
Birmingham, Alabama



One day recently as I stood waiting for the traffic light to change, a U. S. Marine station wagon passed. It was on recruiting duty, looking for business.

There is competition even among the different branches of our armed services for desirable man power: witness the poster campaign for eligible men. But the possible recruits are checked and inspected before they are finally accepted. In seeking credit business for our respective business firms, relatively the same procedure should apply.

With credit restrictions as they are, obviously the volume of credit business has been curtailed. That was the intention of the Presidential order. However, the credit factor is still a powerful and necessary instrument in our national economy and is still available for use with care and discretion.

The questions that naturally follow such a conclusion are: What fields shall we explore as sources of possible credit business? How can our vast charge facilities be converted into active channels of commerce and profit, and yet maintain the dignity and intent of the regulations provided by the Federal Reserve Board?

### *Renewing Old Friendships*

Certainly not through the advertising of "maximum term" credit policies but rather through the suggestion of good merchandise available on brief charge account facilities. Many economists now contend that no further damming of the stream of credit is required to check inflation—that rather we must reduce purchasing power through stabilization of wages and reduce spending power through taxation.

Hence, reasonable use of credit resources under present conditions is acceptable—and OLD friends are the best friends after all. Therefore, when we go back into our paid-out ledgers to solicit additional credit business, we are dealing with old friends. Let's treat them as such.

But even old friends must be classified into two groups: (1) those whom we know and understand sufficiently well to entrust them with our sugar ration card, and (2) those of less doubtful standing, in whom we have faith but where such faith is limited.

And even friends are subject to change. Therefore, when we undertake to invite old customers back to use our charge facilities, let's be sure they haven't changed. Only those in the first group justify the invitation without some check up, chiefly through the credit bureau.

This is especially true under present conditions. Why? For the following reasons, among others:

1. If the account were previously carried as a joint one, the husband may have joined the armed forces leaving the wife with greatly reduced income. If he were the one formerly responsible for prompt payment of the account, the results here would be disastrous.

2. The opposite of the above would be possible should the wife have been employed, and responsible for prompt payment of the account, but, because of a better position secured by the husband under war conditions, have given up her work. Being deprived of her income, the account could quickly lapse into a slow, undesirable experience.

3. Bear in mind that this war will not last forever; that many so-called "good jobs" now are boom jobs of doubtful existence under normal conditions. It would be essential in soliciting inactive accounts that at least reasonable permanency of any newly acquired position be determined.

4. It is very possible that your old, inactive customer is one whose income has remained the same, despite tremendously increased living costs. It would naturally follow that his possible purchasing power would be greatly reduced, and you do not want to be placed in the position of offering credit to a man who is having a great deal of difficulty "making ends meet," even though he has the very best of intentions. A little money spent on a revised credit report would prove a wise investment.

If we are going out to get people back in our store, then let's give the latter a personal appeal that will sound genuine and sincere. We all like to be noticed but not in that casual, off-hand manner that places us in the same category with everyone else. If we are going to the trouble to invite someone back to our store, one who for some good reason has not come in for a long time and made charge purchases, it is obvious that the invitation to come in again must be anything but formal and ordinary.

Get an opening line that will make that customer read the rest of the letter. Offer some inducement that will set your store apart from the one next door. Present a novel idea. Make the letter brief and make it sound as though the customer will really miss something by not following your suggestion—not simply that you are grieving over his absence.

If we are sure of the desirability, through proper checking, of having those back whom we have solicited, and if, in turn, we have given the invitation sufficient appeal, then the idea is worth following through.

## "Credit Managers"

(Beginning on page 12)

largest public utility concerns turn over all delinquent accounts to collection firms for the principal reason that they wish to protect themselves against the ill will that might possibly be created when debtors must be forced to honor their legitimate obligations.

Credit Managers will do well to ask themselves these questions: If debts cannot be collected now, when there is so much well-paid employment, when can they be collected? If there are delinquent items on the books, what reason is there to believe that they can be better collected at some future date?

When so many men are suddenly taken not only into the armed forces, but into government projects where they are immune to the collection laws; when countless men are being hurt daily, and forced to discontinue their present lucrative jobs, should delinquent accounts be permitted to lie dormant for any appreciable degree of time? With splendidly organized collection firms available in practically every community, what reasonable excuse exists to procrastinate in collection work?

The sooner such questions are properly answered, the better it will be for all concerned.

## Regulation W Violation

For the past two months investigators have been checking to see how registrants are complying with Regulation W. Now comes word of the first license suspension. The Federal Reserve Board has announced that a firm which failed to observe the rules has been ordered to suspend the operations of its eight stores for an entire week.

We know that the great majority of credit granters are trying faithfully to comply with the regulation. However, there may still be a few who do not understand the rules. To them we suggest purchasing a copy of the booklet "The Layman's Handbook of Regulation W." It will give them the practical information they need and in language that is easy to understand. The price of the Handbook is 75c to members (to nonmembers, \$1.25), and it includes a free copy of a new Supplement which has just been published.

Those who now own a copy of the Handbook will want to bring their information up to date by securing a copy of the Supplement, too. It contains the amendments and interpretations issued by the Board since August 1, the publication date of the Handbook. Convenient in size, this new Supplement will fit snugly inside the cover of the Handbook, and is available at only 10c a copy. Order without delay from the National Office.

### Added Protection -

## A NEW GUARANTEE AND WAIVER FORM

**GUARANTEE and WAIVER**

1. \_\_\_\_\_, in consideration of the extension of credit by \_\_\_\_\_, to \_\_\_\_\_, in the sum of \$\_\_\_\_\_, for the purchase of \_\_\_\_\_, as evidenced by a contract in writing dated \_\_\_\_\_, do hereby guarantee to the said \_\_\_\_\_, (Seller) \_\_\_\_\_, and any payments under the said contract, and I do hereby waive notice of default and all rights and benefits to which I may be entitled under subsections 1 and 2<sup>nd</sup> of Section 103 of the Act of Congress of October 17, 1940, being Public Law No. 841, 76th Congress, as amended by Section 2 of the Act of Congress of October 6, 1942, being Public Law No. 732, 77th Congress, this Guarantee and Waiver to be binding on my heirs, executors, administrators and assigns.

Signed this \_\_\_\_\_ day of \_\_\_\_\_, 194\_\_\_\_\_, in the city of \_\_\_\_\_.

Witness \_\_\_\_\_  
Address \_\_\_\_\_  
City \_\_\_\_\_

\*Printed on other side of this form.

**G**UARANTORS ARE ENTITLED to the benefits of the Soldiers' and Sailors' Civil Relief Act . . . but, under the Amendments Act of October 6, 1942, they can now waive their rights to these benefits, if the waiver is in writing.

Protect your firm by using this new National Approved Form when you extend instalment credit on a guarantee basis. It is a waiver and guarantee form combined, and complies with all the requirements.

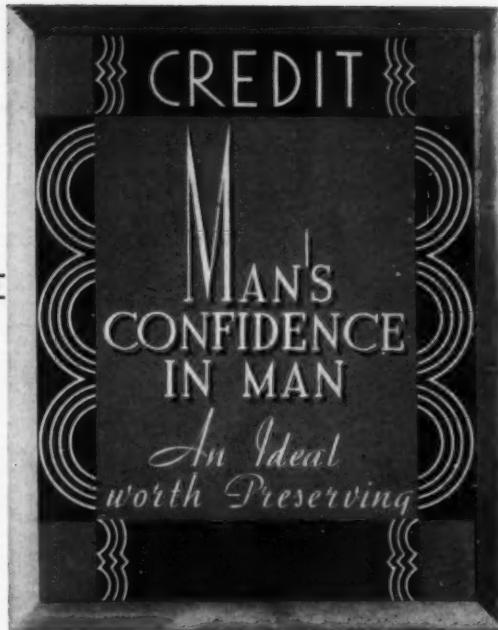
For best results, should be used in duplicate and copy handed to guarantor. Blocked in pads of 100. Actual size, 4" x 6".

**Prices: 500, \$1.25; 1,000, \$2.00**

**Play Safe—Rush Your Order Today!**

★ ★ \*

**NATIONAL RETAIL CREDIT ASSOCIATION  
SHELL BUILDING**



THE BEAUTIFUL PLAQUE shown in miniature above reminds us that credit today has taken on a new significance—its restricted use makes it imperative that we safeguard and protect it. The plaque speaks for itself, its message is dignified and impressive and it serves an important purpose wherever credit transactions are involved.

Processed in three beautiful oil colors—two browns and gold bronze—this plaque represents real value and will last indefinitely. It must be seen to be appreciated as no reproduction in printing can do it justice. The size is 12 x 15 inches.

The National Office has obtained a quantity of these plaques *unframed* from the Byrne Display Studio, Minneapolis. They advertised these in the September CREDIT WORLD at \$3.50 each, however, they were framed in natural wood and sealed under glass.

Send for one today. Your order will be filled promptly. The supply is limited.

**Only \$1.00 each**

**NATIONAL RETAIL CREDIT ASSOCIATION**  
SHELL BUILDING

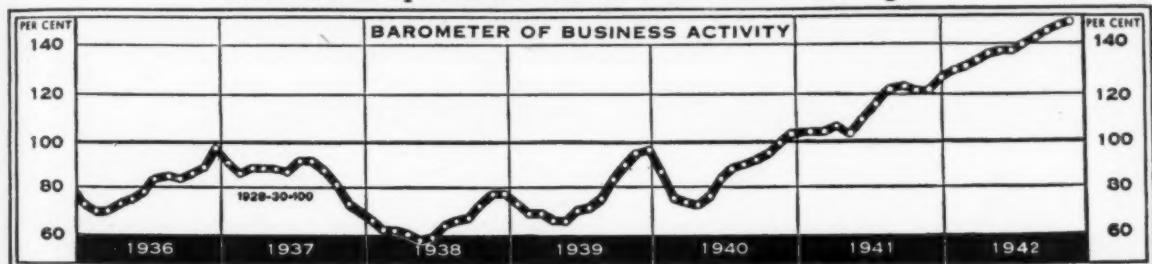
ST. LOUIS, MISSOURI

CREDIT WORLD 30 DECEMBER

# CURRENT BUSINESS CONDITIONS

## The Barometer

With ove-all production for war purposes making steady strides, the Barometer chart line continued its upward course to reach a new all-time high.



This barometer appears in the December issue of "Nation's Business," published by the United States Chamber of Commerce.

## The Map

The total volume of business transactions, which includes sales, production, and financing, remains steady at the peak which is considerably higher than it was last year. The trend is gradually upward each week and business is advancing at about the same rate as it was a year ago.

Nearly all sections of the country are sharing in the improved conditions, but the greatest gains over last year have been made in the West, the South, and parts of the Middle West. Activity remains high in the industrial regions of the East and around the Great Lakes, but the increase since last year is somewhat smaller than it has been in other parts of the country.

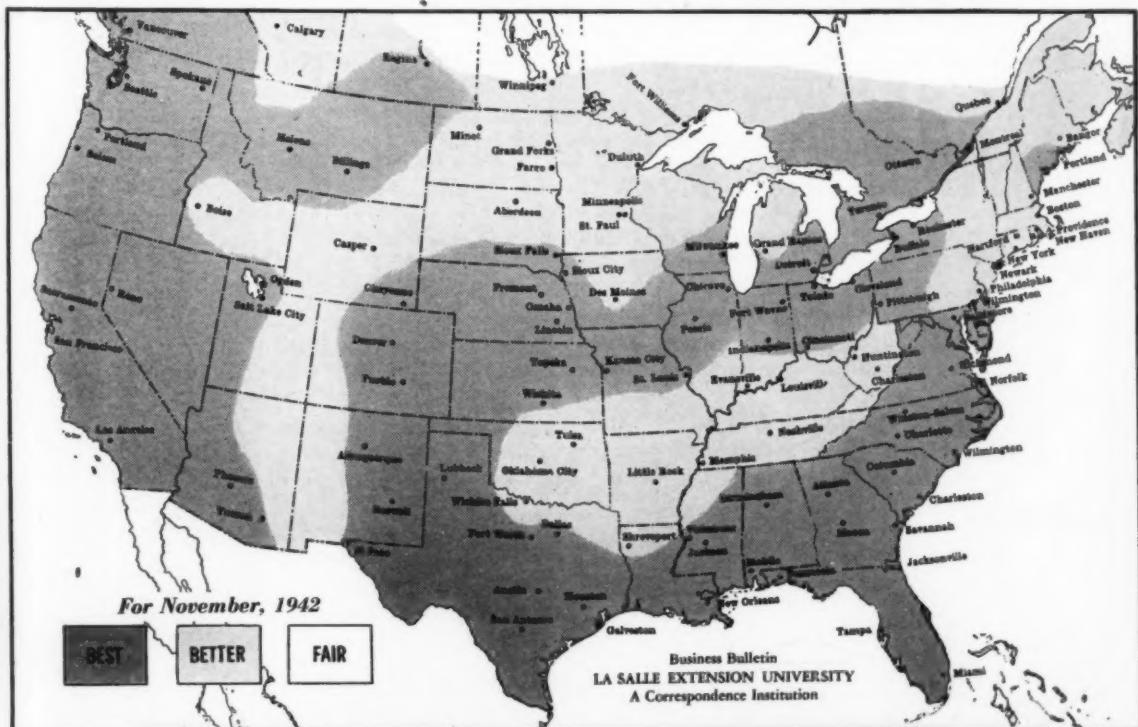
In New England, trade volume has been lagging slightly, although business is very active in many of the seaport cities. Increased shipments of goods and military supplies abroad account for much of this activity. Greatly expanded shipbuilding has also been an important factor. In several

inland cities business is below last year, or only a little higher. The curtailment of civilian production has not been fully offset by the increased production of war goods. Then, too, many war plants in this section reached full capacity much earlier than they did in other parts of the country.

In the agricultural regions of the Middle West the income received by the farmers has increased more than have the costs of farming. Crops have been larger this year, and although prices of some farm products have declined somewhat in recent weeks, they are still higher than they were a year ago.

Increases in the mining of metals have boosted business in the Mountain States, while throughout the Pacific Coast region the same factors as those which keep activity high in the East are stimulating industrial production.

Trade and industry in Canada have continued to follow about the same trend as in the United States.





## My Christmas Greeting to You!

**A**NOTHER YEAR has rolled by and been added to the records of time; another page has been turned in the book of life; another milestone has been erected on the path of progress; and as the year is closing I could not refrain from the pleasure it gives me to extend to you a few words of greeting.

I am thinking of you today because it is Christmas. I wish you happiness, and shall wish you happiness tomorrow, because it will be the day after Christmas. I shall still wish you happiness through the coming year but may not be able to tell you about it every day because like everyone else I will be very busy and will not find time to write so many thousands of letters. But that makes no difference. The thought and the wish will be there just the same.

This year has been difficult for many people. There have been discouragements, disappointments, obstacles to overcome, and anxious thoughts for the future. It is well, therefore, that you and I put aside for a while the material problems of life and let the spirit of Christmas enter our hearts. We may thus gain renewed courage and faith from its beautiful old customs, deeply-rooted sentiments, treasured memories, and friendly associations, to create a richer future for our tomorrows.

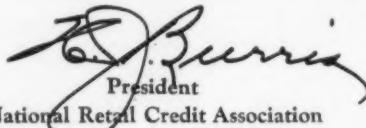
Of course you and I realize that the booming cannon, the crashing shell, the sufferings of humanity, are all an ironic setting for the message of Christmas; of Him who came, not to destroy, but to save; not to bring tragedy and sorrow to mankind, but to give peace and to establish good will.

But above the din and clamor of man's inhumanity to man, and the desolation and bitter sorrows of strife, there is heard again the angelic chorus of "Glory to God in the highest, and on earth peace to men of good will." It is the realization of this great and glorious vision to which our future days are dedicated.

Be it remembered that most of the world is at war with the arch-enemy of all that Christmas represents—one who is fighting to banish peace, and good will. There is a real sense in which the world is at war to save Christmas and everything that it signifies, from a pagan power that scorns the Christ Child and persecutes His followers. In the trumpet tones of Isaiah's familiar prophecy of the Messiah we hear the promise of the sure triumph of a Child whose "name shall be called Wonderful, Counselor, Mighty God, Everlasting Father and Prince of Peace." Assurance is given—and it is needed as part of today's Christmas message—that "Of the increase of His government and of peace there shall be no end."

For your friendship I want to express my heartfelt appreciation, and I shall continue to express my gratitude in an enthusiastic effort to give a generous return for your confidence in me.

Accept my best wishes for a "Merry Christmas and a Prosperous New Year." *That old, old saying has endured for many centuries and shall endure, we trust, until the mission of Him whose birth we now honor has been fulfilled in its entirety.*

  
President  
National Retail Credit Association

